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# ***JPRS Report***

## **Near East & South Asia**

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***BANGLADESH***

# Near East & South Asia

## BANGLADESH

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13 August 1991

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## International Affairs

### Reports, Comments on Relations With USSR

#### Envoy Presents Credentials

91AS1248A Dhaka *THE NEW NATION* in English  
1 Jul 91 pp 1, 8

[Text] Acting President Justice Shahabuddin Ahmed yesterday expressed the hope that the cooperative relations between Bangladesh and Soviet Union, particularly in the economic field, would continue to grow to the mutual benefit of the two peoples, reports BSS.

The Acting President who received the credentials of the new Soviet Ambassador, Mr. Yuri Konstantinovich Alekseev, at a ceremony at Bangabhaban yesterday morning in his remarks termed the Soviet Union as "one of our important partners in progress." Recalling the Soviet assistance in various sectors including expansion of power generation, he said a balanced growth of the two-way trade and commerce would contribute to further strengthening way trade and commerce would contribute to further strengthening of Soviet-Bangladesh bilateral relations.

Justice Shahabuddin said with confidence that the coming visit of Bangladesh foreign minister to the Soviet Union from the 9th of next month would give new impetus to the existing friendly bilateral ties.

The Acting President assured the new Soviet Ambassador of all possible cooperation and assistance in the performance of his duties. He hoped that Soviet-Bangladesh relations would reach a new height during his tenure.

The new Soviet Ambassador, Mr. Yuri Konstantinovich Alekseev, said principles of friendship and mutual cooperation had always characterised Soviet-Bangladesh relations. He said the Soviet people have respect towards the industrious people of Bangladesh, who, he said, have managed to achieve tangible results in different spheres.

The ambassador also expressed the confidence that the present democratic growth of Bangladesh would continue in the interest of its people.

He said the forthcoming visit of Bangladesh foreign minister to Moscow would open up to a new phase in the history of relations between the two countries. The talks in Moscow would bring about "new positive results," the envoy said.

#### Meeting With Zia

91AS1248B Dhaka *THE BANGLADESH OBSERVER*  
in English 5 Jul 91 p 1

[Text] The Soviet Union will offer all possible assistance for the economic development of Bangladesh, reports BSS.

This was stated by new Soviet envoy to Bangladesh, Mr. Yuri Konst Antinovich Alekseev when he called on Prime Minister Begum Khaleda Zia at her Sugandha Office in Dhaka on Thursday.

He referred to Foreign Minister Mustafizur Rahman's forthcoming visit to Soviet Union and said "we are looking forward to the visit as it is taking place after a long time and at this level."

The new Soviet envoy said "There are great changes" taking place in his country. He said changes had also been taking place in Bangladesh.

Begum Khaleda Zia welcomed the new envoy to Bangladesh and hoped that the existing relations would be further strengthened.

She recalled with gratitude the role of the Soviet Union in the Liberation War of Bangladesh and subsequent help in overcoming the problems.

Begum Zia also thanked the Soviet government for extending help during the cyclone.

The prime minister referred to the changes taking place in the country and expressed the hope that the friendly countries including the Soviet Union would continue to extend support in various fields.

She also mentioned the coming visit of foreign minister to the Soviet Union and expressed the confidence that the relations between the two countries would be further consolidated.

She said the Soviet Union had been providing assistance to Bangladesh in the energy sector and hoped that Moscow would extend more support in this sector in future.

Foreign Secretary Abul Ahsan was also present.

#### Soviet Aid Reviewed

91AS1248C Dhaka *THE NEW NATION* in English  
8 Jul 91 p 5

[Article by M. Liaquat Ali Khan: "Bangladesh-Soviet Relations"]

[Text] It is nearly after 16 years a foreign minister of Bangladesh is going to visit the USSR. The visit is taking place in a milieu conducive to reviewing the entire gamut of relations between the two countries. In view of establishment of fairly elected democratic government in Bangladesh and gradual Soviet openness in her policies both at home and abroad, the visit evinces keen interest of our peoples.

Our people cherish great love for USSR because of her significant contribution to Bangladesh during our War of Liberation and post-Liberation reconstruction period. As such, we gratefully recall Soviet role during our War of Liberation and her subsequent timely and prompt assistance extended to salvage our war-torn economic infrastructure. USSR government formally recognised Bangladesh on 25 January 1972.

Immediately after the recognition, Soviet government sent experts to give life to the moribund veins of Chittagong Port. The occupants forces left the Port only a wreckage of what was once a life-line to the country. The navigability of the channel leading to Chittagong Port had been collapsed



entirely. It became a mine-field with hundreds of thousands of live mines and torpedoes scattered here and there. Huge vessels and ships remained sunk. In fact it became a danger zone. At such a time, when everything was out of joint, Soviet salvage fleet came forward and did the tremendous job of giving a new lease of life to the port. Miners and torpedoes were swept away and sunken vessels removed. This was of vital importance for reactivating the Bangladesh economy at the critical moment. The port once again began throbbing with normal activities and of course this time more vigorously in an independent country.

General Electric Manufacturing (GEM) plant in Chittagong and Ghorasal Thermal Power plant are two key installations that still bear the stamp of generous and very effective Soviet contributions to the Bangladesh economy. The four units of Ghorasal Power Plant have already been installed that account for generating 530 Megawatts and meet over one fourth of our power needs. When the fifth will be added, 40 percent of country's power need will be met from Soviet installed units alone. Contract for the sixth unit was initiated on 12 December 1987.

We must recount here with admiration the Soviet assistance for installation of superpower transmitter for radio Bangladesh. Soviet assistance in the oil and gas sector started since 1962 in the form of expertise services covering the fields of geology, geophysics and equipment for drilling. The earlier agreement was renewed in March 1972 which is still continuing. The Soviet specialists worked on six drilling locations resulting in the discovery of three gasfields at Begumganj, Feni and Kamta. Now, Bangladesh hopes to receive Soviet assistance on grant, turn-key or soft loan basis for drilling two more exploratory wells during the Fourth Five Year Plan.

The Soviet authorities have agreed to examine collaboration on the Joypurhat limestone exploration and cement project. It is expected that a Soviet team will arrive in Bangladesh soon to study the economic and technical viability of the project. In March 1991, the Soviet Union informed that she was ready to supply a 440 megawatt nuclear power plant and if necessary might cooperate in constructing nuclear power station on turn-key basis and render assistance in assembling and servicing the Nuclear Power Station. The proposal is being assessed by Bangladesh Atomic Energy Commission.

Despite her own difficult economic situation, Soviet Union had pledged to provide Bangladesh with various materials worth U.S. \$4 million for the relief of the 29 April cyclone victims. The goods include 5,000 tonnes of diesel oil, 1,000 tonnes of cement, 10 trucks, 3 tractors, 3 excavators, 8 bulldozer's, 4 scrapers, medicines and bandaging materials. All the goods will reach Bangladesh by September this year. These relief goods are apart from the already rendered help on behalf of the Soviet Red Cross and the Soviet Peace Foundation and the Soviet Committee for Solidarity with Asian Countries.

We also recall with gratitude that many of our freedom fighters critically wounded in the liberation war received treatment free of charge at Soviet hospitals. The Soviet

Union has also provided hundreds of scholarships to Bangladeshi students for study at undergraduate and post-graduate levels in the fields of medicine, engineering and other subjects of importance to their country. This year USSR government has offered 19 scholarships.

So far the two countries have carried out their trade through 19 barter protocols, the last being signed on 27 March 1990 providing for exchange of goods worth about U.S. \$34.50 million each way. Trade negotiations between the USSR and Bangladesh were held at Moscow during 27-29 May 1991. The two sides reviewed the development of trade between the two countries including the performance of previous barter protocols as well as exports from Bangladesh under credit repayment. Presently, Bangladesh exports to the Soviet union jute and jute goods, tea, finished and unfinished leather, readymade garments and other consumer goods.

In a meeting with our ambassador in Moscow in 1986 the then Soviet Foreign Minister Mr. Eduard Shevardnadze expressed his government's desire not only to reestablish their relationship with Bangladesh to the high post-liberation level, but also to raise it higher. We hope the four-day ensuring visit of Bangladesh foreign minister to USSR, beginning on 9 July 1991, would mark a happy beginning to strengthen and consolidate the friendly and cordial relations that exists between our two countries. In the backdrop of changes in Europe, we also hope the Bangladesh Foreign Minister ASM Mostafizur Rahman and his Soviet counterpart Mr. Alexander Bessmertnykh will find many more areas in the sphere of both international and bilateral relations where their views will be close and complementary. There should be common concern for international peace and security and both the countries should cooperate with each other in the efforts for renunciation of use of force in international relations and for general and complete disarmament. It should also be of prime consideration that regional and global cooperation is strengthened and Third World countries are given opportunity to raise their levels of development and improve quality of life of their peoples.

#### **Soviet Foreign Minister Invited to Dhaka**

91AS1331A Dhaka *THE NEW NATION* in English  
15 Jul 91 p 8

[Text] Soviet Foreign Minister Aleksander Bessmertnykh has been invited to visit Bangladesh, reports UNB.

Foreign Minister ASM Mostafizur Rahman on Saturday told newsmen at the airport that during his just concluded visit to Moscow invitation was extended to his Soviet counterpart.

The visit is likely to take place next winter, Mostafiz said.

#### **Soviet, Japanese Flood Relief Plans Revealed**

91AS1105A Dhaka *THE BANGLADESH OBSERVER*  
in English 8 Jun 91 p 3

[Text] The Soviet Union will supply Bangladesh with various relief goods worth U.S. dollar four million, a Soviet Embassy Press release said in Dhaka, reports BSS.

The goods include 5,000 tonnes of diesel oil, 1,000 tonnes of cement, 10 trucks, eight bulldozers, four scrapers, three tractors and three excavators. The goods will be sent by ships between June and September this year, the press release said.

The Soviet Government has decided to give these relief goods to Bangladesh despite critical economic situation and number of natural disasters that took place in Soviet Union, it added.

This is apart from the already rendered Soviet help to Bangladesh on behalf of Soviet Red Cross and allocated by the Soviet peace foundation and the Soviet committee for solidarity with Asian countries.

#### Japan

Another report adds: The Japanese Government has given 54,370 metric tons of wheat to Bangladesh as food assistance under the Kanedy Round Grant.

Japanese Ambassador in Bangladesh Toshio Saiki Friday handed over a document on the assistance to Food Secretary Ataul Haque at a ceremony in the Food Ministry.

Besides, the Japan Government has offered 1,500 million yen (approximately 37 crore Taka) for Bangladesh under special consideration of 1991's Kanedy Round Grant for providing food assistance to the cyclone affected people. The wheat will be bought from the United States. This will enable Bangladesh to buy 76,000 metric tons of wheat.

#### Letter Pledges Japanese Support to Zia

91AS1258A Dhaka THE NEW NATION in English  
27 Jun 91 pp 1, 8

[Text] Japanese Prime Minister Toshiki Kaifu has offered to provide all possible cooperation in consolidating newly established democracy in Bangladesh under the leadership of Begum Khaleda Zia, reports BSS.

Mr. Kaifu in a letter to Begum Khaleda Zia said that his country was pursuing a policy of supporting the progress of democratisation process, especially in Asian countries.

Japan is awaiting hopefully further consolidation of democracy in your country under your administration which has come into being as a result of a free and fair election at the end of February, Mr. Kaifu said, and added 'Japan is ready to continue as much cooperation as possible towards this end.'

Mr. Kaifu's letter was handed over to Begum Zia by Mr. Masayoshi Takemura, MP [member of Parliament], leader of the visiting six-member Japanese Parliamentary delegation when it called on her at her residence Tuesday evening.

Pointing out that Japan had extended economic and technical assistance for the development of Bangladesh he reiterated cooperation in Bangladesh government's effort for relief and reconstruction work in the wake of the devastating cyclone.

He said that the two countries had steadfastly maintained friendly and cooperative relations.

Mr. Takemura, who is also the secretary general of the Japan-Bangladesh Parliamentary Association, handed over some cheques and cash to Prime Minister Begum Khaleda Zia which were collected from various organisations including the parliament members.

The leader of the delegation expressed their happiness at the reconstruction activities in the cyclone-hit areas carried out by the present government of Begum Zia. Mr. Takemura hoped that the government under her leadership would be able to overcome the crisis soon.

The Japanese team leader also expressed the hope that the mass-oriented programme of the Bangladesh Government would help achieve its target of social uplift and economic emancipation of the people.

Mr. Takemura referred to the February election in Bangladesh and expressed the confidence that democracy would be institutionalised in Bangladesh under her leadership and it would be further consolidated.

He said the friendship and good wishes of the people of Japan would always be there for the people of Bangladesh and they (Japanese people) would extend all sorts of help in their hour of need.

The delegation chief invited Begum Zia to visit their country.

Begum Khaleda Zia extended thanks to Prime Minister Kaifu, the government and its people for helping Bangladesh during the crisis.

She said Japan was always a partner in Bangladesh's progress and this role would be further strengthened and consolidated during the tenure of the democratically elected government.

Begum Zia referred to the liberal industrial policy and investment climate and stressed for Japanese investment in Bangladesh including joint venture.

She also explained to the delegation various short, medium and long-term programmes taken by her government to tackle the natural calamities in Bangladesh.

Begum Zia said the parliament which came into being through a long struggle and sacrifice was sovereign.

Foreign Minister A.S.M. Mostafizur Rahman and Japanese Ambassador to Bangladesh, Mr. Toshio Saiki were present.

#### Flood Research Accord Signed With PRC

91AS1249A Dhaka THE BANGLADESH OBSERVER  
in English 8 Jul 91 pp 1, 10

[Text] Bangladesh and China on Sunday signed in Dhaka agreement on joint research and model studies to provide effective support towards implementation of the projects on flood, river training and harnessing water resources in Bangladesh, reports BSS.

The agreement was signed on the concluding day of the three-day meeting between the two countries for scientific and technological cooperation between the River Research Institute of Bangladesh and the Institute of Water Conservancy and Hydroelectric Power Research of China.

The Bangladesh side was led by Mr. M.A. Malik, Secretary, Ministry of Irrigation, Water Development and Flood Control, while the Chinese team was headed by Mr. Wang Shouqing, in the talks.

The meeting held in a cordial and friendly atmosphere reviewed, approved and adopted the study report on flood control and river training project on the Brahmaputra river in Bangladesh prepared by the Bangladesh-China expert team.

Earlier, the two team leaders presented to Prime Minister Begum Khaleda Zia the study report in Dhaka on Saturday. Minister for Irrigation, Water Development and Flood Control M. Majidul Haq was present. A document of acceptance was also signed on behalf of the two countries. The meeting discussed continuation of the current Bangladesh-China cooperation on flood control, river training and harnessing of water resources in Bangladesh under an institutional framework.

The Chinese side agreed to consider the Bangladesh proposal for establishment of the Bangladesh-China Joint Technical Advisory Committee on flood control, river training and water harnessing to provide an institutional framework for a long-term cooperation between the two countries.

Possibilities of technical assistance from China towards Bangladesh's efforts in this respect was also discussed and it would continue, a Press release of the Ministry said.

Mr. Wang also called on Minister for Irrigation, Water Development and Flood Control M. Majidul Haq and discussed matters of mutual interest. Bangladesh government approached the Chinese government for extending technical assistance and cooperation for conducting studies on flood control and river training of the Brahmaputra in Bangladesh in the wake of the floods of 1987 and 1988 which caused widespread loss of lives and damage to property.

The Chinese government promptly responded to the Bangladesh call by concluding a contract for joint technical study on flood control and river training project of Brahmaputra river under Bangladesh-China technical cooperation under the contract, a Chinese experts team came to Bangladesh in November 1989 and carried out studies in association with Bangladesh experts with their experience gained from Yellow, the Pearl and the Yangtze rivers. The Bangladesh-China joint expert teams through their hard work and dedication completed the studies in March this year. The studies, in addition to flood control and river training, included improvement of flood forecasting and warning system and strengthening capability of fighting floods.

The study report is considered to be a unique one in that never before has any study suggested to tame the mighty river like Brahmaputra. The plan envisages stabilisation of the Brahmaputra within embankments set about 12 km apart on the right and left banks and to regulate the flow through only two channels having a total width of five km from Bahadurabad down to the Jamuna Bridge side and through one channel below that site with a 4.5 km width.

Innumerable shoals and sandbars, which obstruct navigation, will become integrated in clusters resulting in a total landmass of about 83,000 hectares. This relatively stable land area will not be inundated in normal years and would produce two crops annually. Reduction in number of flow channels will immensely help navigation and fisheries.

Above all, no more land will be lost into the river due to erosion. The study report has also outlined plans for flood control and river training of the Brahmaputra to achieve several objectives.

### Saudi Visitor Tells Plans for Aid

91AS1108A Dhaka THE BANGLADESH OBSERVER  
in English 9 Jun 91 pp 1, 8

[Text] The leader of the visiting high-powered Saudi delegation, Dr. Abdul Aziz Mohammad Al-Turki, on Saturday said his country would like to participate in a meaningful way in the rehabilitation work in the cyclone-battered areas of Bangladesh, reports BSS.

Dr. Al-Turki was talking to Prime Minister Begum Khaleda Zia when he and other members of the delegation met her at the Prime Minister's Secretariat in Dhaka.

He said the Saudi government would assist and cooperate with Bangladesh in its efforts of building permanent facilities to protect the life and property of the people living in the cyclone-prone areas.

The leader of the delegation, who is also the vice-chairman of the Saudi Fund for Development (SFD) expressed his happiness to know that multi-purpose buildings to be built in the coastal areas and island, would be used as schools, hospitals and community centres during normal time.

"Saudi government and people will be happy to extend support in this kind of social sectors," [he] added.

The delegation arrived in Dhaka on Friday to discuss with Bangladesh officials areas of cooperation in a long-term rehabilitation programme in the cyclone battered regions.

Dr. Abdul Aziz Mohammad Al-Turki said the custodian of the Holy Mosques, King Fahd-bin-Abdul Aziz, was deeply distressed at the devastation caused by the worst cyclone in Bangladesh and immediately announced 106 million U.S. dollars in aid for the relief operations.

He said King Fahd had also appealed to his countrymen to generously help the brotherly people of Bangladesh and the response was prompt and massive.

The chief of the delegation told Begum Zia that the people of Saudi Arabia considered the people of Bangladesh as



their own brother and sister. "We deem it to be our moral duty to stand by the Bangladeshi brethren," he said.

He further said that the Saudi Children had also contributed to the relief fund by saving their tiffin money. He assured the Bangladeshi people in any difficulties and needs.

#### **Khaleda Expresses Thanks to Fahd**

Prime Minister Begum Khaleda Zia expressed her thanks to King Fahd-bin-Abdul Aziz, his government and people for extending support and assistance to Bangladesh during the worst tragedy.

In this connection, she recalled her recent visit to the Saudi Kingdom and said the love and affection of the Saudi people for the people of Bangladesh was deep and overwhelming. "Love and affection of such nature can only be found between the two brotherly people," she observed.

Begum Khaleda Zia briefed the delegation on the damage caused by the cyclone, relief operation, and rehabilitation work being carried on in the affected areas. She said there had been great loss in our national economy and physical infrastructure which could not be overcome by Bangladesh alone.

The Prime Minister said she had to appeal for international help and assistance to overcome the crisis which she described as "worst devastation in living memory."

Begum Khaleda Zia said the people of Bangladesh had been deeply touched by the quick response of the Saudi government under the directive of King Fahd to send relief materials.

"This has amply demonstrated the deep sympathy of the Saudi King and the people for the Bangladesh brethren," she maintained.

Begum Zia described the relations between the two countries as traditional and said new dimension was added to it by the initiatives of Shaheed President Ziaur Rahman.

She referred to the Gulf War and said Bangladesh stood by the side of the Saudi government to discharge its brotherly obligations. She assured that the entire Bangladesh population would stand by the Saudi brethren if need be.

The prime minister said that achieving of self-reliance in all aspects was the main objective of her government and her party. She said "we want help from friendly and brotherly countries in such a way so that we can become self-reliant."

In this regard, she said that apart from providing U.S. economic aid, the Saudi government could also take part in joint venture and invest in some selected areas.

She also stressed the strengthening of Islamic Ummah and solidarity among the Muslim countries.

Mr. Enam Ahmed Chowdhury, secretary, Economic Relations Divisions and the Saudi Ambassador Mr. Abdul Latif Abdullah Al-Maimanee were also present.

### **Regional Affairs**

#### **India's Use of River Waters Reported**

91AS1320A Dhaka THE BANGLADESH OBSERVER  
in English 16 Jul 91 p 10

[Article by staff correspondent: "India Using Gumti Water Unilaterally"]

[Text] Major General (Retd) Majedul Huq, Minister for Irrigation, Water Resources and Flood Control, told the Jatiya Sangsad on Monday that India had been unilaterally withdrawing waters of the river Gumti at Maharani, Tripura, India. India constructed a 80-metre barrage in December, 1986 and has been withdrawing water of the Gumti depriving lower riparian Bangladesh her due share, he added.

Replying to questions from Mr. Abdul Matin Khasru (Comilla-5), the Minister also informed the House that following withdrawal of waters by India, crops in different irrigation projects under Burichang, Devidar, Comilla Sadar and Muradnagar Upazilas in Comilla have been threatened, the Minister said.

Meanwhile, the Government has taken a number of steps including demand for stoppage of work on construction of the barrage till agreement between the two countries on sharing of water of the river Gumati. Despite discussions on the matter with India between 1982-85 solution could not be reached for just share of water of the Gumati, he said. There had been exchange of notes on water flow of the Gumati in the light of Memorandum of Understanding signed between Bangladesh and India in 1985, he said. Bangladesh has also repeatedly protested the unilateral withdrawal of the water of the Gumati till accord on share is signed, he said. Discussions at Government level on the matter is in progress, he said.

Replying to another question from Sheikh Fazlul Karim Selim, the Minister said that the proposed River Research Institute at Faridpur would involve an estimated cost of Tk. 6913 lakh on a total area of 34.98 hectares of land.

### **Internal Affairs**

#### **Zia Meets Japanese Parliamentary Delegation**

91AS1319A Dhaka THE BANGLADESH OBSERVER  
in English 16 Jul 91 pp 1, 10

[Text] The visiting four-member Japanese Parliamentary delegation led by Mr. Yoneo Hirata, called on Prime Minister Begum Khaleda Zia at her residence in Dhaka on Monday, reports BSS.

Mr. Hirata congratulated Begum Zia for her heroic struggle during the last nine years and for becoming Prime Minister of Bangladesh.

The team leader referred to the assistance given by his country during the recent cyclone in Bangladesh and said they would use their influence with the Japanese Government so that it could come in a bigger way with help and assistance.

The delegation also handed over a cheque to Prime Minister which was collected from the members of public in Japan.

Begum Khaleda Zia lauded the role of the Japanese government and people during the crisis and said since her election as many as three parliamentary delegations from Japan visited Bangladesh. This demonstrated the love and affection of the people of Japan for their Bangladeshi brethren, she said.

The Prime Minister said the BNP [Bangladesh Nationalist Party] Government would establish democracy for the benefit of the people. She stressed the need for exchange of visits at various levels to further strengthen the ties and said we can also learn from each others' experience.

Begum Khaleda Zia said the BNP government would make allout efforts to improve the condition of the people. In this connection she referred to the various development programmes of Shaheed President Ziaur Rahman and said that her government would also follow them.

She said the concept of privatisation was first initiated by President Zia and since then the economic relations between Bangladesh and Japan had increased.

Begum Zia said BNP would follow a liberal industrial policy to attract foreign investors. She expressed the hope that Japanese investors would come in a bigger way to invest in Bangladesh.

Mr. Hirata said the 20th anniversary of Japan's recognition to Bangladesh will be celebrated next year. He expected that more exchange of visits would take place then in the field of culture and also students delegation.

#### Japanese Team Meets Mostafiz

The visiting 4-member Japanese Parliamentary delegation led by Yeneo Hirata called on Foreign Minister ASM Mostafizur Rahman in Dhaka on Monday.

The leader of the delegation expressed deep sympathy on behalf of the people and the government of his country for the colossal damage to properties and loss of lives caused by the recent devastating cyclone and tidal bore. He assured that Japan would stand by the side of Bangladesh in times of need.

The Foreign Minister thanked the members of the delegation for the gesture. He apprised them the short and long-term rehabilitation programmes taken by the government for the cyclone affected people.

They also discussed bilateral issues and expressed satisfaction over the present state of excellent relation existing between the two countries and hoped it would be further strengthened in the days to come.

#### Reportage on Zia Visit to Gulf States

##### Activities in Jiddah

91AS1145A Dhaka THE NEW NATION in English  
26 May 91 pp 1, 8

[Text] Secretary-General of OIC [Organization of Islamic Conference] Mr Hamid Al-Gabid called on Prime Minister Begum Khaleda Zia at the royal conference palace here Saturday.

Mr Gabid expressed his deepest sympathy for the cyclone victims of Bangladesh and informed the Prime Minister that he had urged all Muslim countries to extend their all-out assistance and cooperation to Bangladesh. He said he was already getting extensive response in this regard.

Mr Gabid underscored the need for strengthening unity and brotherhood among the Islamic countries and said as one of the biggest Islamic country Bangladesh would play a vital role in this respect.

He recalled the contributions of late President Ziaur Rahman in strengthening the relationship among the Islamic countries and especially mentioned his role during the Iran-Iraq war.

Mr Gabid told the Prime Minister that Islamic Foreign Ministers conference would be held in September next and the Islamic summit in December.

Prime Minister Begum Zia thanked the OIC Secretary General for his sympathy for the cyclone-affected people of Bangladesh.

She expressed her belief that under the able leadership of Mr Gabid, OIC would play a great role in forging greater unity in the Islamic fraternity, in future.

Begum ia stressed the need for solving all outstanding problems existing among the Islamic countries. Her Government would follow the policies of late Ziaur Rahman and implement the steps initiated by him to friendly relationship among the Islamic countries.

She said her government would also extend allout support to OIC Secretary General in his efforts to strengthen unity among the member countries.

Bangladesh would actively participate in the forthcoming Islamic Foreign Ministers' conference and the Islamic summit, she said.

The Prime Minister also thanked the Secretary General for extending assistance to Bangladesh for relief and reconstruction work following the cyclone.

She invited Mr Gabid to visit Bangladesh once again.

Foreign Minister A. S. M. Mustafizur Rahman, Bangladesh Ambassador to Saudi Arabia Major General Quazi Golam Dastgir, and OIC Assistant Secretary General Mohammad Mohsin were present on the occasion.

Prime Minister Begum Khaleda Zia left for holy Makkah al-Mukarramah Saturday afternoon to perform umrah. She will return to Jeddah at night.



Earlier Prime Minister Begum Khaleda Zia arrived here Saturday morning on a four-day official visit to the Kingdom of Saudi Arabia.

Begum Zia, who is here on her first official visit abroad after assuming power, was accorded warm and hearty reception at the Royal pavilion of King Abdul Aziz International Airport. She was received by Prince Majid Bin Abdul Aziz, Governor of Makkah al-Mukarramah.

The Prime Minister was then escorted to the royal lounge at the airport where she stayed for some time.

Mayor of Jeddah city Dr Abdul Ghani, Assistant Secretary General of OIC, Mr M. Mohsin, Bangladesh Ambassador to Saudi Arabia Major General Quazi Golam Dastgir and the Consul General of Bangladesh Syed Khawja Sharjil Hassan were present at the airport.

From the airport Prime Minister Begum Khaleda Zia accompanied by Prince Majed drove in a ceremonial motorcade to the royal conference palace.

#### **Leaves Dhaka**

Earlier Prime Minister Begum Zia left Dhaka Saturday morning for Saudi Arabia, Kuwait and UAE [United Arab Emirates] on a five-day official and goodwill visit.

She was seen off at the Zia International Airport by her cabinet colleagues and senior officials.

The Saudi Ambassador and the Charge d'Affaires of Kuwait and UAE to Bangladesh were present at the airport.

#### **Back from Delhi**

Prime minister Begum Zia returned home late Friday night at 1.50 a.m. after attending the funeral of former Indian Prime Minister Rajiv Gandhi.

She was received at the Zia International Airport by her cabinet colleagues and senior officials.

The Deputy High Commissioner of India in Bangladesh, Mr Amitava Tripathi, was also present on the occasion.

#### **Speech to Bangladeshis**

91AS1145B Dhaka THE BANGLADESH OBSERVER  
27 May 91 p 1

[Text] Jeddah, May 26—Prime Minister [PM] Begum Khaleda Zia Saturday urged the Bangladeshi nationals living in Saudi Arabia to invest in the country's industrial sector to help build up a strong self-reliant economy, reports BSS.

She was addressing a reception accorded in her honor at the Bangladesh Consulate General Office here Saturday evening. Foreign Minister A. S. M. Mustafizur Rahman also spoke on the occasion.

Begum Zia said her Government wanted to increase production in mills and factories through proper utilization of the manpower. "We have to build our national economy with our own limited resources", she said.

Begum Khaleda Zia said her government was going to formulate an industrial policy where the Bangladeshi nationals living abroad could contribute their mite. "The pace of industrialization will be further accelerated with your active participation and cooperation," she told them.

She said her government would take all-out measures to send skilled manpower abroad.

The Prime Minister gave a brief resume of the relief and relief operation being carried on in Bangladesh after the killer cyclone struck the southern parts of the country on April 29. She said early warnings had minimized the loss of life but the damage to property were devastating.

She said the recent cyclone was much more severe than that of the 1970.

Dr Salahuddin, a child specialist living in Saudi Arabia, handed over a cheque for Taka 52 lakh to Begum Zia to Prime Minister's Relief Fund. Earlier they also donated Taka 27 lakh to the PM's Fund.

#### **Meeting With Fahd**

91AS1145C Dhaka THE BANGLADESH OBSERVER  
in English 28 May 91 pp 1, 8

[Text] Riyadh, May 27—King Fahd of Saudi Arabia has expressed his keen and sincere desire to extend all-out assistance and cooperation to help Bangladesh take permanent measures against natural calamities, reports BSS.

During more than a hour-long talks with Prime Minister Begum Khaleda Zia here last night, the King expressed his deep sympathy and concern for the cyclone affected people of Bangladesh and said that the country would need international assistance and cooperation for permanent measures to face natural disasters.

King Fahd also told Begum Zia that Saudi Arabia would find out more avenues to employ a larger number of skilled and technical manpower from Bangladesh.

He expressed his deep appreciation for Bangladesh's role during the Gulf War and said it was a "genuine expression of real friendship in the time of crisis".

According to an official spokesman, Begum Khaleda Zia and the Saudi Monarch held discussions on bilateral matters of common interests in a warm and cordial atmosphere at Yamama Royal Palace. They discussed subjects relating to the latest situation obtaining in the Muslim countries, with special reference to the Middle East problem and international issues of common concern.

The spokesman said the meeting was marked by broad-based understanding between the two leaders in all subjects including forging and strengthening unity and fraternity among the Islamic Ummah.

Prime Minister Begum Khaleda Zia thanked the Saudi King for extending his help to Bangladesh at the time of its need and hoped that the mutual cooperation among the two countries would increase further in the coming days.

Begum Zia also highlighted different development programmes taken up by her Government and hoped that Saudi Arabia as a fraternal nation would extend assistance and cooperation to help implement these programmes in all possible ways.

She invited the Saudi King to visit Bangladesh. The King accepted the invitation and said he would visit Bangladesh at a convenient time.

During the meeting, the Saudi side was represented by Foreign Minister, Prime Saud Al Faisal, Defence Minister Sultan Bin Abdul Aziz, high dignitaries and leading members of Royal family.

On Bangladesh side Foreign Minister A. S. M. Mostafizur Rahman, State Minister for Labor and Manpower Rafiqul Islam Mian, Shahidul Huq Jamal, MP [member of Parliament], Azizul Huq Mollah, MP, Salauddin Ahmed, MP, Rabeya Chowdhury, MP, Foreign Secretary Abul Ahsan and Ambassador of Bangladesh to Saudi Arabia Maj Gen Guazi Golam Dastgir were present.

#### ARAB NEWS Interview

91AS1145D Dhaka THE BANGLADESH OBSERVER in English 27 May 91 p 1

[Text] Riyadh, May 27: The Saudi media gave a wide coverage to Prime Minister Begum Khaleda Zia's visit to the Kingdom, reports BSS.

Begum Zia's visit and her activities including the call on King Fahd last night were the lead story in the Saudi television bulletins.

All the newspapers today front paged the story of Begum Zia with her picture.

The ARAB NEWS, a leading daily published an interview of Begum Zia. The managing Editor of the newspaper, Farouk Luqman, who interviewed the Bangladesh Prime Minister in his introductory remark mentioned that Begum Zia represented extraordinary determination of the Asian women in the face of equally extraordinary adversities. Her stay is one of defiance and single minded resolution against the heaviest odds imaginable. "I do hope that one day it will be the subject of an enduring biography of Khaleda as well as a book in all gallant women's fight for the liberation of the individual from prolonged persecution by their military rulers," he concluded.

In the interview Begum Khaleda Zia said that Bangladesh needed more aid than what had been received so far from the foreign countries to provide relief to the cyclone affected people.

Regarding the state of economy, Begum Zia said when the elected government came to power, "we saw that in the previous government there was corruption everywhere on the one hand and all funds were used in non-development sector on the other."

Referring to the Bangladesh-India relations, Begum Zia said that India is our neighbor and we want to maintain good relations with all our neighbors. We have some

problem with India which were not yet solved. She expressed the hope that this problems will be settled peacefully through discussions. She said water-sharing is the main issue. Water is the lifeline for Bangladesh, being an agricultural country, she added.

#### Visit to Kuwait

91AS1145E Dhaka THE NEW NATION in English 29 May 91 pp 1, 8

[Text] The Emir of Kuwaiti Sheikh Jaber Al-Ahmed Al-Sabah yesterday said that arrangement would be made to bring back the Bangladeshi workers who left Kuwait at the time of Gulf War. This was conveyed to Prime Minister Begum Khaleda Zia when she met the Emir at the bayan palace here.

Sheikh Jaber Al-Sabah said that additional workers would also be taken from Bangladesh. The Emir told Begum Zia that a Kuwaiti delegation would soon go to Bangladesh to finalize the return of the Bangladeshi workers.

Prime Minister Begum Khaleda Zia returns home today at the end of her five-day official and goodwill visits to Saudi Arabia, Kuwait and the United Arab Emirates (UAE), reports BSS.

During her four-day visit to the Saudi Kingdom, Begum Zia met King Fahd and OIC [Organization of Islamic Conference] Secretary General Hamid Al-Gabid. She also, performed Umrah at Makkah and had ziarat of the Phophet's (sm) Rawza Mubarak at Madina Munawarah.

On the second leg of her visit to Kuwait, Begum Khaleda Zia met the Emir of Kuwait Sheikh Jaber Al-Ahmad Al-Sabah and the Kuwaiti Crown Prince, Sheikh Saad Al-Abdallah Al-Sabah.

Begum Zia discussed with the Kuwaiti Emir the question of return to the emirate of workers from Bangladesh, most of whom fled following the Iraqi invasion last August.

The Prime Minister's entourage included Foreign Minister A.S.M. Mostafizur Rahman and Labor and [text missing]

AFP adds: Bangladesh Prime Minister Begum Khaleda Zia arrived here yesterday for a brief visit and held immediate talks with the Kuwaiti Crown Prince, Sheikh Saad Al-Abdullah Al-Sabah, official sources reported.

Begum Khaleda Zia left for Kuwait yesterday morning by a Saudi special aircraft, ending a four-day official visit to Saudi Arabia.

At the royal terminal of King Khaled international airport she was given a hearty send-off by Prince Sultan Bin Abdul Aziz, Second Deputy Prime Minister and Minister for Defence and Civil Aviation and Inspector General. The Minister-in-waiting, representatives from royal protocol, high civil and military officials, Bangladesh Ambassador Major General Qazi Golam Dastgir were also present.

Earlier on Monday Foreign Minister A.S.M. Mostafizur Rahman met his Saudi counterpart Prince Saud Al-Faisal at the Foreign Ministry here on Monday.

They discussed matters of mutual interests with particular reference to Middle-East issues.

The Saudi Foreign Minister appreciated Bangladesh's role in the Gulf crisis.

Reciprocating the sentiments Bangladesh Foreign Minister expressed present government's stand to continue to work for peace stability and reconciliation in the region. He also lauded the role of Saudi Arabia in keeping peace and forging solidarity in the Islamic world.

Bangladesh and Saudi labor ministers discussed the Manpower State Minister Rafiqul Islam Mia, four members of Parliament, Shehidul Huq Jamal, Azizul Huq Mollah, Salahuddin Ahmed and Rabiya Chowdhury and Foreign Secretary Abul Ahsan.

The discussions took place when the Bangladesh State Minister for Labor and manpower Mr Rafiqul Islam Mian met the Saudi Minister for Labor and Social Welfare Mohd. Ali Al-Fayez at his office on Monday.

Mr Islam appreciated the Saudi Government's prompt help and assistance for the cyclone victims of Bangladesh.

Reciprocating the sentiments the Saudi Minister conveyed his deep sorrow and sympathy for the people affected by the devastating cyclone.

He assured all cooperation for recruitment of more manpower from Bangladesh. He suggested that the potential workers should learn functional Arabic and English to attract the Saudi employers.

#### **Workers to Kuwait**

91AS1145F Dhaka THE BANGLADESH OBSERVER  
in English 30 May 91 p 1

[Text] All the Bangladeshi migrant workers employed in government sectors of Kuwait will be taken back to their jobs by the Kuwaiti authorities, an official handout said in Dhaka on Thursday, reports BSS.

Two expert committees will be set up, one in Bangladesh and the other in Kuwait to take back 60 thousand returnee workers who were employed in private sectors there.

This decision was taken at a meeting between Kuwaiti Labor and Social Welfare Minister and Bangladesh State Minister for Labor and Manpower Rafiqul Islam Mia, held in Kuwait city Wednesday.

Labor Ministers of both the countries will lead the expert committee in their respective country.

The Kuwaiti authorities also assured Bangladesh State Minister for Labor that they would take doctors, engineers and skilled workers from Bangladesh to new jobs in Kuwait.

The Bangladesh Labor Minister, who was a member of the entourage of Prime Minister Begum Khaleda Zia, also had successful meetings with the Labor Ministers of Saudi Arabia and the United Arab Emirates during the visit.

#### **Visits UAE, Returns Home**

91AS1145G Dhaka THE BANGLADESH OBSERVER  
in English 30 May 91 pp 1, 8

[Text] Prime Minister Begum Khaleda Zia returned to Dhaka [this] morning ending her five-day official visit to Saudi Arabia, Kuwait and UAE, reports BSS.

The special aircraft of the Kuwait Airways carrying Prime Minister Khaleda Zia and members of her entourage touched down at the Zia International Airport at 6:30 a.m.

She was received at the airport by her Cabinet colleagues. Earlier, the Crown Prince and Deputy Prime Minister of Abu Dhabi Sultan Bin Zayid Al-Nahyan saw her off at the Abu Dhabi International Airport.

Earlier in Abu Dhabi the President of the United Arab Emirates (UAE) Sheikh Zayed Bin Sultan Al-Nahyan has said that his country would cooperate with international community in the implementation of any plan aimed at finding a permanent solution to the recurring floods and cyclone in Bangladesh.

The UAE ruler said this when Prime Minister Begum Khaleda Zia met him at Beach Palace in Abu Dhabi on Tuesday night on the last leg of her three-nation Gulf tour.

Sheikh Zayed showed keen interest in long-term arrangement to dealing with the natural calamities in Bangladesh which have caused heavy damage to life and property, an official spokesman said.

The two leaders also discussed bilateral, regional and international issues of common interest, and also the situation arising out of the Gulf War.

Begum Khaleda Zia outlined various alternatives to tackle the natural calamities.

She thanked the UAE President for looking after the Bangladesh nationals working in Abu Dhabi.

The Prime Minister also discussed ways and means for forging unity and cohesion among the Islamic countries in the wake of Gulf crisis.

She apprised Sheikh Zayed of the plans and programs of her Government to improve the lot of the people of Bangladesh.

Earlier on her arrival from Kuwait, Begum Khaleda Zia was received by the Crown Prince of Abu Dhabi and Deputy Prime Minister of UAE, Sultan Bin Zayed Al-Nahyan, and members of the Cabinet.

From the airport, Begum Zia drove straight to the Beach Palace where she met the UAE President Sheikh Zayed.

She also attended a banquet hosted in her honor by the Crown Prince at Al-Morshed palace.

Begum Zia held talks with the Deputy Prime Minister on matter of common interest, including the export of manpower to Abu Dhabi, the post-Gulf War situation also came up her discussion, the spokesman said.

Earlier, Prime Minister Begum Khaleda Zia was accorded a hearty and warm reception when she arrived in Abu Dhabi on Tuesday night.

Sultan Bin Zayid Al-Nahyan, Deputy Prime Minister of Abu Dhabi, received Begum Zia at the airport.

She was given a guard of honor.

From the airport Begum Khaleda Zia drove straight to the Beach Palace where she met President Sheikh Zayid Bin Sultan Al-Nahyan.

Begum Zia also attended a banquet hosted in her honor at Al-Morshed palace.

Begum Khaleda Zia arrived in Kuwait on Tuesday morning from Riyadh on a day's visit. She was received at the airport by Prime Minister Sheikh Saad Al-Abdallah Al-Salem Al-Sabah.

The Prime Minister was given a guard of honor at the airport.

Begum Khaleda Zia then drove straight to the Bayan Palace in a ceremonial motorcade.

She lauded the role played by the Emir in protecting the people of Kuwait from the devastation during the Gulf war. She also praised the leadership of the Emir in keeping the moral of his countrymen high.

Sheikh Jaber Al-Sabah congratulated Begum Zia for the support and assistance rendered by Bangladesh during the Gulf War.

During the hour-long talks, the two leaders stressed that Islamic fraternity and brotherhood should be strengthened.

Begum Khaleda Zia said that Bangladesh was ready to export surplus manpower to Kuwait as per its requirements.

The two leaders also discussed matters of mutual interest and of common concern.

The Prime Minister described the occupation of Kuwait as an offence and said Bangladesh thought that it was her sacred duty to come in the aid of the brotherly people of Kuwait.

Begum Zia also went round the city and saw the war devastation including the palace of Emir.

Kuwaiti Oil Minister Dr. Raquba, Labor Minister Sheikh Nawaf Al-Sabah and Foreign Minister Sheikh Salem Al-Sabah were present on the Kuwait side during the meeting while Foreign Minister A.S.M. Mostafizur Rahman, State Minister for Labor and Manpower Rafiqul Islam Mia, four members of Parliament and Foreign Secretary Abul Ahsan were present on the Bangladesh side.

Begum Khaleda Zia also met her counterpart Sheikh Saad Al-Abdallah Al-Salem Al-Sabah at his office and discussed matters of common interest particularly the repatriation of Bangladeshi workers.

She also discussed about how Bangladesh could cooperate in the reconstruction and rehabilitation of the war-ravaged Kuwait.

The Kuwait Prime Minister said that his country needed more manpower from abroad. He appreciated Bangladesh's role during the Gulf War.

He informed Begum Zia that a Kuwaiti delegation would visit Bangladesh soon to finalize the return of Bangladeshi workers.

Begum Zia gave an interview to Kuwaiti News Agency (KUNA) where she described the relations between the two countries as very friendly. She said Bangladesh was ready to extend all possible help to Kuwait in its reconstruction and rehabilitation work.

In the evening, Begum Zia left for Abu Dhabi on her way to Dhaka.

#### **Report on Zia's Speech at Shilpakala Academy**

*91AS1113A Dhaka THE NEW NATION in English 3 Jun 91 pp 1, 8*

[Text] Prime Minister Begum Khaleda Zia said in Dhaka yesterday that one of the main objectives of her government was to make education universal to cover all under its reach in the country, reports BSS.

Inaugurating the national education week '91 at Shilpakala Academy auditorium, Begum Zia said "we want to reach education to every door step which is possible only through its democratisation."

She and Shaheed President Ziaur Rahman had also introduced mass literacy programme keeping this in mind. "We are reintroducing that programme because everybody has a right to education and we want to ensure that right," she added.

Education Minister Prof. Badruddoza Chowdhury, State Minister for Education Principal Mohammad Yunus Khan and Education Secretary A.N.M. Yusuf also spoke on the occasion.

Referring to the campus violence, Prime Minister Begum Zia said violence in the campus had not yet stopped. "We know those who had master-minded violence in the campus during the period of autocracy."

She said her government was determined to uproot terrorism and violence from the campus as democracy and terrorism cannot co-exist. She reminded the teachers of their major responsibility in this regard.

The prime minister said the nation was grateful to the students for their glorious role in the movement against autocracy, they had now to concentrate on their studies to be able to play their part in the growth of democracy and to protect it.



Begum Zia said her government was determined to keep peace on the campus. She said the government of law-enforcing agencies will not play a silent role at the time of terrorism in campus. The culprit will be punished whosoever he may be, she said.

The prime minister said a nation deprived of education cannot enjoy the taste of democracy. Not only that, she said, illiterate people cannot even enjoy the fruits of independence.

Begum Zia said "we want to reach education to people," adding education is like an asset which not only develop a nation but also changes the entire personality of an individual.

She said the present government wants to develop the education system on the basis of our socio-economic reality.

"We must also give stress on non-institutional education besides the institutional one," she said.

The prime minister said "we must identify our national priority with the realisation that development of a nation is impossible without education."

Begum Zia said the government had already enhanced the age limit for entering government service, from 27 to 30 to solve the problems arising out of the session jam in universities.

She further mentioned the formation of a committee to resist adoption of unfair means in the examinations.

Begum Zia said it was regrettable that the students had to appear in the SSC and HSC [expansions not given] examinations with police guarding the centres and imposition of Section 144.

"Such a situation should end, she said adding we must find out why our students had to take recourse to unfair means in the halls. [quotations as received]

She also emphasised the need for taking suitable measures to check the propensity towards copying in the examinations.

"We of course know how all our values have been destroyed in a well-planned way during the last nine years," she said and called upon the teachers and guardians to help the students to overcome this stigma of sitting for the examination under police guard and with imposition of Section 144.

#### **Begum Zia Addresses New BNP Members**

91AS1103A Dhaka THE BANGLADESH OBSERVER  
in English 5 Jun 91 pp 1, 8

[Text] Prime Minister Begum Khaleda Zia said in Dhaka on Tuesday that her government would continue to strive ceaselessly along with the people for consolidating democratic process and honouring their mandate, reports BSS.

The prime minister was addressing a function organised at Dhanmondi BNP [Bangladesh Nationalist Party] office

when about 500 leaders and workers of Awami League, Chhatra League, Juba League, Sramik League and other affiliated organisations of Awami League of Kalihati upazila of Tangail district joined BNP. The leaders and workers were led by the convenor of Kalihati Thana convening committee of Awami League Abul Kashem Ahmed.

Begum Zia said her government had exempted agricultural loans and interest up to Taka 5,000 and revenue from 25 bighas of land and enhanced the age limit for entering government service from 27 to 30 only after 14 days of assuming power. These steps were taken to fulfill BNP's election commitments, she said.

She further pointed out that just after 49 days of assuming power her government had to face the severest disaster caused by the worst cyclone of the century. She said the BNP government had been successfully accomplishing the relief, rehabilitation and reconstruction work in the affected areas.

The prime minister said the quarters which did not want stability, prosperity, progress and democratic process to continue were unhappy at the success of her government and were resorting to terrorism and hostility to destabilise the government.

Begum Zia categorically said that any evil design against her democratically elected government would be resisted at all costs.

She said, "remember Begum Khaleda Zia is not Justice Sattar."

The prime minister said the people had given their mandate in favour of the nationalist forces as they felt that the real politics of development and production could be initiated by only the nationalist forces. She said people felt that only nationalist forces could protect independence and sovereignty and because of this relief and confidence of the people, BNP could secure the majority seats in the last free and fair elections held under a neutral government.

Begum Zia expressed her firm belief that as people now wanted peace, stability and progress, the people of the country would reject the evil forces that want to create instability in society through terrorism.

The prime minister said the forces which had failed to gain the support of the people because their destructive activities had become desperate and now wanted to strike the democratically elected government.

"We want to warn the evil designers that we shall not tolerate any activities against the democratic process of the country as we have assumed power for bringing about peace and stability, and not for exercising power," she said.

She called upon the elements engaged in such activities to shun the path of destruction and take part in the process of consolidating democracy.



Elaborating on the rehabilitation and reconstruction work undertaken by her government, Begum Zia said the people's representatives including Ministers and Members of Parliament were sent to remain at the side of the affected people at the time of their distress. In fact, after the cyclone almost all her government's activities were concentrated on the rehabilitation of the affected people. But those who did not want the sovereignty and independence of the nation resorted to terrorism in different institutions to destabilise the peaceful situation there.

The prime minister said the student community had played a glorious role in the movement against autocracy. With the ousting of the autocracy the students now had to concentrate on their studies to contribute meaningfully to the growth of democracy and protecting it, she added.

But unfortunately, she pointed out, a quarter was trying to foil the academic atmosphere on the campus to realise its vested interest.

Begum Zia said the democracy-loving people of the country would not tolerate such heinous acts. They would certainly resist such acts at all costs, she hoped.

#### **Dhaka Public Meeting Addressed by Zia**

91AS1106A Dhaka THE BANGLADESH OBSERVER  
in English 7 Jun 91 pp 1, 10

[Excerpt] Prime Minister Begum Khaleda Zia who is also chief of the Bangladesh Nationalist Party (BNP) said on Thursday her party had formed the government not on anybody's mercy but with the popular mandate and it would continue to serve the cause of the people through strengthening democratic process.

Addressing a mammoth public meeting organised by her party at the Gulistan Square, which has been renamed as "Democracy Square," sounding a note of warning against those engaged in conspiracy, the prime minister said her party together with people would foil such conspiracy. Conspiracy and acts of terrorism by any quarter cannot remove the government, Begum Zia said. Incidentally, it was her first public meeting after becoming Prime Minister.

When the meeting was in progress people in processions with colourful banners inscribed with various slogans gathered at the meeting venue from different directions braving the inclement weather. They came from distant places on foot to listen to their leader.

Prime Minister Begum Khaleda Zia said that the condition of her party in 1982 and that of today was not the same. "If required I will give blood but would not desert the people in the face of any conspiracy," she said. BNP has grown stronger over the years of street movement since the changeover of Sattar government in a coup in 1982, she recalled.

Speaking amidst thunderous clappings and frequent slogans, Begum Zia listing a number of steps taken by her government said that it would implement all the 19-point programme of Shaheed President Ziaur Rahman. Describing the success of the BNP government as the

victory of the people and that of democracy, Begum Zia said that in response to the call for help, different countries including the United States of America, Saudi Arabia, Japan and China provided generous help to the country's recent cyclone affected people. She had words of praise for the relief work done by the U.S. Task Force.

Turning to recent incidents in various educational institutions including Dhaka University and attack on the house of one Member of the Parliament, the Prime Minister said such acts of terrorism would only isolate the instigators from the people. Such designs would not pay any dividend, she said.

Posing a question she wanted to know the reason behind such acts of violence and terrorism on the campus. She stressed the need for restoration of peace on the campus in the greater national interest. Giving a list of steps already taken by the government to fulfill its electoral commitments, she recalled exemption of outstanding agricultural loan up to Tk [takas] 5,000 and waive of land tax up to the ceiling of 25 bigha. BNP would also implement its welfare oriented programme including canal digging, mass literacy and Gram Sarker, she said. She also dwelt at length on the context of the last polls under the neutral government. Without naming anybody Begum Zia said that people had voted her party to power though some one predicted that her party would not bag more than 10 seats. In greater Dhaka BNP has captured all the seats with people's support, she said.

The generous help provided by Saudi Arabia is the manifestation of their confidence in the democratically elected government, she said. Narrating her recent successful trip to Saudi Arabia, she said that more help would be available for setting up of orphanages for the children of cyclone victims as well as for permanent preparedness programme. Saudi Arabia alone has promised help worth Tk 400 crore for emergency relief work, she said.

BNP wants good relationship with the neighbours and strengthen friendship with Muslim countries, she said. Giving a comparative picture of the pledge of Bangladesh Aid Consortium Equivalent to U.S. Dollar 2300 million as against U.S. dollar 180 million under Ershad government, she said such increase in aid pledge was the demonstration of increased confidence in popularly elected government.

Recalling the cyclonic storm, Begum Zia said that though BNP government was new with little resources at its disposal but it had handled the situation with courage and sincerity. With an oblique reference to plunder of relief goods immediately after liberation by the Awami League Government she said that there had been no such allegations now. Anybody found involved in corruptions, would have to face punishment. She asked the people for their cooperation to detect such elements. The handling of flood in Sylhet is another success story of the people, Begum Zia said.

The successful handling of the natural disasters like cyclone, tidal surge, tornado and flood is credit of the people, she said.

Turning to student community Begum Zia said that BNP had kept its commitment to them by raising the age limit from 27 to 30 for entry to government jobs now it is the turn of BNP to demand from them devotion to study to develop them as worthy citizens, she said. Anybody disrupting peace and congenial academic atmosphere on the campus, would be dealt with an iron hand, she warned. [passage omitted]

#### **Zia Answers Questions on Detainees, Crime**

91AS1267A Dhaka THE NEW NATION in English  
18 Jun 91 pp 1, 8

[Text] There are no political prisoners in the country at the moment. This was stated by Prime Minister Begum Khaleda Zia during the question hour in Parliament yesterday. Begum Zia, who is also in charge of Ministry of Home, however, said that 432 people were detained under the Special Powers Act of 1974 for prejudicial activities.

Replying to a question of Sheikh Harunor Rashid of the Awami League, Begum Zia told that 1,323 people were arrested from different border areas for their alleged involvement in smuggling during the period from 1 January to 31 May this year.

In reply to a supplementary, Begum Zia further said smuggled goods worth about Taka[Tk] 33.40 crore were recovered during the period.

Replying to a question from Nurul Islam Moni MP [member of Parliament] (Independent) Begum Zia said an amount of Tk. 69,779,291 had been looted during the period of 1972 to 1990 in incidents of bank dacoities. Of the looted money, she informed that Tk. 1,424,653 had been recovered and 439 people were arrested on charges of bank dacoities and lootings.

While answering a question from Jatiya Party MP Monirul Hoque Chowdhury, Begum Zia said 1071 cases of murder were reported during the first five months of the current year throughout the country, referring to incidents to hold-ups by snatchers and dacoits, 121 cases of hijacking, 477 dacoities and 439 of looting and arson were committed during the period and police nabbed 4,143 people on charges of these crimes, Begum Zia pointed out.

In reply to a question from BNP [Bangladesh Nationalist Party] MP ATM Alamgir, Begum Zia who looks after the Ministry of Home also disclosed that 1,042 policemen including officers were sacked for corruption since 1972.

Replying to a question from Abdul Matin Khasru of the Awami League, MP she stated that 23 retired army men had been working in police service. She made it clear that these retired army men were given appointment by the Establishment Ministry on recommendations from the Army Headquarters.

#### **Papers Report on Zia's Visit to PRC**

##### **18 Jun Activities**

91AS1265A Dhaka THE BANGLADESH OBSERVER  
in English 19 Jun 91 pp 1, 8

[Text] Beijing, 18 June: Prime Minister Begum Khaleda Zia was accorded a warm welcome when she arrived here this evening on a three-day official goodwill visit to China at the invitation of Chinese Premier Li Peng, reports BSS.

The Bangladesh Prime Minister was cordially received at the beautifully decorated Beijing international airport by Chinese Minister for Family Planning Madame Peng Peiyun who is also the Minister-in-Waiting, a Vice-Minister of Foreign Affairs Xu Dunxing.

The heads of missions of SAARC [South Asian Association for Regional Cooperation] countries and their spouses were among others to receive the distinguished guests from Bangladesh. The officials of Bangladesh Embassy in Beijing and their wives headed by Ambassador Faruque Sobhan were present at the airport to greet Begum Zia.

The airport ceremony over, Prime Minister Begum Zia accompanied by the Chinese Minister-in-Waiting drove in a ceremonial motorcade to the Diaoyutai, state guest house, where she will be staying during the visit.

The 40-kilometre road from airport to the state guest house was tastefully decorated at different points with coloured ribbons and flags of the two countries. Banners with welcome slogans were also put on the two sides of the road. Large crowds thronged the route and greeted the Bangladeshi Prime Minister as the motorcade passed by. Prime Minister Begum Zia acknowledged the greetings waving back to the crowds.

Earlier on her way to Beijing the Prime Minister had more than an hour-long stopover at Bangkok.

Begum Zia is accompanied by a 20-member entourage which includes Foreign Minister A.S.M. Mostafizur Rahman, State Minister for Energy and Mineral Resources Dr. Khondoker Mosharraf Hossain and Members of Parliament Jahanara Begum, Barkatullah Bhulu and Amanullah Aman.

Earlier, Prime Minister Begum Khaleda Zia on Tuesday morning left for Beijing on a three-day official goodwill visit to China.

Cabinet members, the Deputy Speaker, high civil and military officials, ambassadors of China, Thailand and Saudi Arabia, were present at the Zia International Airport to see her off.

The visit of the PRemier, who is accompanied by a 20-member entourage, is taking place following an invitation of Chinese Prime Minister Li Peng.

##### **Dinner Hosted**

Prime Minister Begum Khaleda Zia, now on an official goodwill visit to China, attended a dinner hosted by Bangladesh Ambassador Farooq Sobhan at his residence.

Foreign Minister A.S.M. Mostafizur Rahman, State Minister for Energy and Mineral Resources Dr. Mosharraf Hossain, Mrs. Jahanara Begum MP, Mr. Amanullah Aman MP, Mr. Barkatullah MP and other members of the entourage attended the dinner.

Begum Zia also visited various sections of the Embassy, talked to the officials and enquired about their welfare.

### Talks With Li

91AS1265B Dhaka THE NEW NATION in English  
20 Jun 91 pp 1, 8

[Text] China will provide Bangladesh with an interest-free loan of 60 million yuan (40 million taka approx), of which 50 percent would be commodity aid and the rest project aid.

The Chinese government had also offered to supply 200 small power tractors suitable for Bangladesh terrain.

These offers were made by Chinese Prime Minister Li Peng to the visiting Bangladesh Prime Minister Begum Khaleda Zia during the official talks held at the Great Hall of the People here yesterday morning.

Shortly after the ceremonial welcome accorded to the Bangladesh Premier, the two leaders held exclusive talks for over 40 minutes.

At the official talks lasting for more than one hour, Begum Zia and Premier Li exchanged views on international situation and matters of bilateral and common interests.

The talks were held in an extremely cordial and friendly atmosphere, a Foreign Office spokesman told BSS special correspondent.

Begum Zia was assisted in the talks by, among others, Foreign Minister A.S.M. Mostafizur Rahman, Additional Foreign Secretary A.H. Mahmud Ali, Director General, Far East, Khurshid Hamid, Joint Secretary, ERD Abdul Jalil Khan, Chief of Protocol Muhammad Zamir and Bangladesh Ambassador to China Farooq Sobhan.

On the Chinese side assisting Mr. Li were Minister for Family Planning Madame Peng Peiyun, Vice Minister for Economic Affairs and Trade Dongzhi Juang, Chinese Vice Foreign Minister Xu Dunxing and Chinese Ambassador to Bangladesh Chen Song Lu.

Mr. Li told Begum Zia that Bangladesh and China had always been good friends. "The friendship started by the late President Ziaur Rahman had developed speedily since then," he said.

The Chinese Premier said that China was a very large country and with its population increasing by 17 million annually, it had many problems of its own. "But within its limited capacity, China will extend all material and other help to Bangladesh from time to time," he said.

In this context, Premier Li referred to the recent cyclone and huge losses suffered by Bangladesh. He also referred to the changing world situation and said the developed world

and the developing countries should work in close harmony for their mutual benefit. "All countries, big or small, should have its say," he observed.

Referring to the Taiwan situation he said China did not accept Taiwan's contention of "one China one Taiwan" nor did it believe in the independence of Taiwan. He, however, said China would not object Taiwan carrying out trade and commerce with other countries.

Mr. Li said both Bangladesh and China had similar views and perception on major international issues. He said his country had cooperated with Bangladesh in various international forums and helped each other.

"China attaches great importance to the development of its relations with Bangladesh," Mr. Li said, adding, "such relations will not be affected by any changes in the international situation."

Prime Minister Begum Zia briefed the Chinese Premier on the devastations caused by the recent cyclone and thanked the Chinese government and the people for the help and assistance they provided to Bangladesh in relief and rehabilitation work.

She referred to the 27 February elections and said the elected Government was putting its efforts to institutionalise democracy in the country. Recalling her visit to China in 1980 with her husband Shaheed President Ziaur Rahman, Begum Zia said, "now I am here as a representative of the people."

She said China was a traditional good friend of Bangladesh and had always stood by it, and it had always come forward with economic and other assistance for social and economic progress of Bangladesh. She expressed her gratitude for the warm hospitality shown to her and her entourage since she arrived here Tuesday and expressed the confidence that this visit would contribute to the strengthening of relations between the two countries.

Begum Khaleda Zia invited Premier Li and Madame Li to visit Bangladesh and said the people of Bangladesh were eagerly awaiting their visit. Mr. Li accepted the invitation.

The Bangladesh Prime Minister also invited Chinese Family Planning Minister and Machine Building Minister to be present during the forthcoming inauguration of the 200 mw Thermal Power Station in Chittagong. She also welcomed Chinese participation in the development of Barapukuria Coal Project at Dinajpur.

### 20 Jun Activities

91AS1265C Dhaka THE NEW NATION in English  
21 Jun 91 pp 1, 3

[Text] Chinese Premier Li Peng said in Beijing yesterday that his government would provide all help and cooperation to the various sectors to be identified by Bangladesh for development, reports BSS.

Mr. Li told this to Bangladesh Prime Minister Begum Khaleda Zia when he made a farewell call on her at the

Diaoyutai state guest house at the end of her three-day official goodwill visit to China.

The Chinese Premier expressed his confidence that the Government and party of Begum Zia would be able to lead the nation towards the cherished goal of development desired by the people.

Mr. Li lauded the role of the present Bangladesh Government for the reconstruction and rehabilitation efforts undertaken in the cyclone battered areas. He hoped that the present government would meet any challenge with courage and fortitude to better the lot of the people.

The Chinese Premier regretted that the visit of Begum Zia was very short. He invited Begum Zia to visit China again for a longer period next time.

Madame Li Peng was also present on the occasion.

Begum Zia invited the Chinese Premier and Madame Li Peng to visit Bangladesh which they accepted.

The two Prime Ministers termed the visit a successful and significant and opined that this would have a far reaching effect on the bilateral relations of the two friendly countries.

Begum Zia expressed her profound thanks for the hospitality accorded to her and the members of her entourage during the visit and said she would cherish the memory of the visit.

General Secretary of Communist Party of China Jiang Zemin yesterday expressed the hope that the relations between the BNP [Bangladesh Nationalist Party] and the Communist Party of China [CPC] would further be strengthened under the able leadership of Begum Khaleda Zia.

The Chinese leader said this when the Bangladesh Prime Minister made a courtesy call on him at Zhongnanhai in Beijing Thursday afternoon. Foreign Minister A.S.M. Mostafizur Rahman, State Minister for Energy and Mineral Resources Dr. K. Mosharraf Hossain and other members of the Bangladesh delegation were also present on the occasion.

Mr. Jiang said the party-to-party relationship between BNP and CPC during late President Ziaur Rahman was excellent.

A foreign office spokesman told BSS Special Correspondent that the General Secretary had cut-short his visit to the Ningxia autonomous region to meet the Bangladesh Prime Minister.

Mr. Jiang said late President Zia was well-known in China and he had laid the foundation of friendship between the two countries. Mr. Jiang said yesterday the relations between the two countries had become "very strong."

#### **Curbing Baby Boom**

The CPC General Secretary said he was happy that Begum Zia had assumed the charge of the Prime Minister of Bangladesh.

He also expressed his sympathy for the cyclone affected people of Bangladesh.

Mr. Jiang said both Bangladesh and China were Asian neighbouring countries with high population. He said, in fact, population density in Bangladesh was higher than in China.

He gave a resume of the major programmes to curb the population explosion, and said the family planning programme was not so far applicable to minority areas. "But even there we are now preparing to extend family planning programmes as we know the quality of life in those areas can only be improved through adoption of family planning programmes." He said the reform programmes had now continued in China for ten years. Small and Cottage Industries in rural areas and township have helped agriculture also.

The Communist Party General Secretary also extended an invitation to a BNP party delegation to visit China.

Begum Zia expressed her gratitude for the warm welcome accorded to her and the members of her delegation. She said Bangladesh-China relations, started by Shaheed President Zia, would be further geared up as "we are now following Zia's ideals." She said relations between BNP and CPC would be strengthened in the days to come.

Explaining BNP's policy, Begum Zia "we would like to develop the rural areas where most of our people live. We want to improve the quality of life of the people in the villages."

She said it is with this end in view that we will reestablish Gram Sarkar to assure basic needs of the rural population including food, education, employment and family planning.

#### **Canal Digging**

Begum Zia said despite the fact that Bangladesh experienced a lot of rainfall, a large area in the northern region of the country needed irrigation for boosting food production.

She said Shaheed President Ziaur Rahman had introduced a canal digging programme and her Government would restart the programme. "We are confident that this will lead to greater agricultural productivity."

She said during Zia's term agricultural production had increased significantly and "we would get the same results again."

Begum Zia said her government had a plan to set up Small and Cottage Industries in rural areas. This again was a part of President Zia's development programme, she said adding "we want to involve the woman community in these activities."

She said China had achieved remarkable success in this area of development. "We want to share Chinese experience to enable us to develop our rural industry leading to expansion of employment," she said.



Referring to the education sector, Begum Zia said her Government had started a programme to ensure education for all in the rural areas.

Begum Zia extended an invitation to the General Secretary to visit Bangladesh, which the latter accepted.

Prime Minister Begum Khaleda Zia left Beijing last night for Bangkok on the way home ending her three-day official goodwill visit to China at the invitation of Chinese Premier Li Peng.

She was seen off at Beijing International Airport by Chinese Minister for Health and Family Planning Madam Peng Peiyun.

Also present were Bangladesh Ambassador Farooq Sobhan and officials of the embassy.

#### **All Possible Help Assured**

Chinese President Yang Shangkun said in Beijing yesterday that China will extend all possible help to Bangladesh in its efforts to develop the quality of life of the people.

"We will extend all possible help, as best as we can in your efforts," Mr. Shangkun told the visiting Bangladesh Prime Minister Begum Khaleda Zia when she made a courtesy call on him at the Funjian room of the Great Hall of the People.

Begum Zia was warmly received by the Chinese President at the entrance of the Funjian room. She introduced members of her entourage to the Chinese President.

A foreign office spokesman told BSS that the meeting was held in a very friendly and cordial atmosphere and lasted about half an hour.

Mr. Shangkun said China would continue to support and cooperate with Bangladesh in various fields. He described the friendship between the two countries as traditional and said both the countries held similar views on various international matters.

#### **Visits Ming Qing Palace**

Prime Minister Begum Khaleda Zia on Thursday morning visited the Imperial Palace of the Ming Qing Dynasties, popularly known as the Forbidden City.

The members of her entourage, including Foreign Minister Mostafizur Rahman, State Minister Dr. K. Mosharraf Hossain, Mrs. Jahanara Begum, Mr. Amanullah Aman and Mr. Barkatullah MPs accompanied the Prime Minister.

Built in 1406-420, the magnificent Imperial Palace has a history of 550 years. Occupying an area of 720,000 square metres with over 9,000 rooms most of which were restored in the early Qing Dynasty. The Palace is the largest and the most complete group of ancient buildings which China has preserved.

Prime Minister Begum Zia went round various sections of the museum and evinced keen interest in the display. The

museum authorities opened some of the restricted places in honour of the visiting Bangladesh Prime Minister.

The Chinese President said he was very happy at the Bangladesh Prime Minister's visit to China but regretted that its duration was very short. He expressed the hope that Begum Zia would make a longer visit to China to be able to see different parts of the country.

Begum Khaleda Zia said she was very happy to set the opportunity to visit China. She said she visited China long ago with her husband Shaheed President Ziaur Rahman in 1980. "I am impressed that a lot of developments have taken place during the last ten years in China," she said.

Begum Khaleda Zia thanked the Chinese President, the government and the people for extending generous help during the recent cyclone in Bangladesh. In this context she said, China had always stood by Bangladesh at the hour of need. "A friend who stands at the hour of need is a proven friend," she observed.

Referring to the various reforms introduced in China to change the quality of the life of the people, Begum Zia said in Bangladesh her elected government would implement the 19-point programme initiated by Shaheed President Ziaur Rahman for the welfare of the people. She said development efforts of the government is hindered often by natural calamities in Bangladesh. "We want to share your experience and learn from it," she said.

Begum Zia invited the Chinese President to visit Bangladesh. The President accepted the invitation.

Mr. Deng Pufang, Chairman of the 'China Disabled Persons Federation' called on Prime Minister Begum Khaleda Zia at her villa at Diaoyutai state guest house this morning.

Mr. Deng who is a son of the elderly Chinese Leader Deng Xiaoping, informed the Prime Minister about various activities of the organisation for the disabled people of China.

The Federation Chairman said a total of five lakh people got their cataract operated through this Federation.

This Federation is trying to rehabilitate and bring the disabled in the mainstream of life, he said.

Begum Zia showed keen interest in the activities of the Federation and said "we will be able to utilise your experience for the betterment of the handicapped in Bangladesh."

Begum Zia invited Mr. Deng to visit Bangladesh. She also enquired about the welfare of his father Deng Xiaoping, the older statesman of China and said the people of Bangladesh had high regard for him. She also recalled the meeting of her husband Shaheed President Ziaur Rahman with Mr. Deng Xiaoping. She handed over a gift for the elderly leader.



### Protocol Signed

91AS1265D Dhaka THE NEW NATION in English  
21 Jun 91 p 8

[Text] Bangladesh and China yesterday signed in the Chinese capital agreements for the 13th barter protocol, economic and technical cooperation, and supply of 200 power tillers as gift to Bangladesh with a view to further developing the friendly relations between the two countries.

Foreign Minister ASM Mostafizur Rahman and Chinese Minister for Foreign Economic relations and Trade Li Lanqing signed the three agreements on behalf of their respective governments.

Prime Minister Begum Khaleda Zia and Chinese Premier Li Peng witnessed the signing ceremony held at the villa of the state guest house where Begum Zia stayed during her visit.

Under the barter protocol the volume of trade would be 31 million U.S. dollars each way. Under the protocol Bangladesh would export jute goods, jute yarn, carpets, raw jute, crust and finished leather, tea, tobacco, urea, wires, cables and G.I. pipe etc. while China would export pig iron, light industrial products, dyes and chemicals, machinery equipment and spares power tillers and diesel engine.

The Chinese government is now doing away with barter system. The only other country with whom China has this system is the DPRK which would expire this year. The barter protocol with Bangladesh shall remain in force for one year.

Under the economic and technical agreement China would provide an interest free loan of 60 million yuan equivalent to over Taka 40 crore as commodity and project aid. The loan shall have to be repaid by Bangladesh in annual installment over a period of ten years from August 2001 to 31 July 2011 with grace period of ten years between 1991 to 2001.

Under the third agreement signed the Chinese government would provide 200 power tillers and necessary accessories on grant basis.

Earlier, Chinese Premier Li Peng announced during the official talks between Bangladesh and China on Wednesday about the interest free loan and the power tillers grant.

### Foreign Minister's Press Conference

91AS1265E Dhaka THE BANGLADESH OBSERVER  
in English 22 Jun 91 p 1

[Text] Prime Minister Begum Khaleda Zia's three-day official goodwill visit to China is a "success," Foreign Minister A.S.M. Mostafizur Rahman said in Dhaka on Friday, reports BSS.

He said Begum Zia's talks with the Chinese leaders would help strengthen the already existing cordial relations between the two countries.

Briefing newsmen about the outcome of the visit, the Foreign Minister said the Prime Minister held wide ranging discussions with her Chinese counterpart Li Peng on bilateral, regional and international issues.

Besides, she also had discussions with Chinese President Yang Shangkun and Chinese Communist Party General Secretary Jiang Zemin.

The discussions would contribute to further consolidation of the bilateral ties which developed steadily ever since late President Ziaur Rahman paid the first highest level visit from Bangladesh to China, Mr. Rahman said.

Two sides discussed bilateral matters covering different areas and China extended a soft loan of Taka about 40 crore to Bangladesh, he said.

China also expressed the concern that poorer nations of the south were not getting their due share in world economy and felt that plight of these nations must be heard in a bigger way by the developed world.

The Foreign Minister said talks covered all areas on interest in both bilateral and international plan and the visit would serve as a stimulation to the close Dhaka-Beijing ties.

### Remark on Trade Questioned

91AS1265F Dhaka THE BANGLADESH OBSERVER  
in English 19 Jun 91 p 5

[Editorial "Sino-Bangla Trade Prospect"]

[Text] The Prime Minister Begum Khaleda Zia has left for Beijing yesterday on a three-day official visit to the People's Republic of China. Dwelling upon the enormous prospect of Sino-Bangla economic co-operation she opined to the Xinhua news agency that China is the most advanced among the developing countries and its economic and technological development is really remarkable. We can utilize Chinese experience in our development activities, she added.

There can be no two opinions on the importance of bilateral economic relations between Bangladesh and its giant neighbour China. But we are constrained to observe that trade between the two countries has not steadily developed over the years as stated by the Prime Minister.

The key economic indicators of 1990 suggest that China has become the eighth largest economic power with an annual Gross National Product (GNP) of 334.5 billion U.S. dollar. It is astounding to note that China could obtain the unique distinction of achieving an average GNP growth rate of 7 percent over the last 35 years. According to an authoritative Chinese daily, China is currently the world's largest producer of coal cereals, cotton and meat and has moved up from being the 26th largest steel producer in 1949 to the world's number four last year. Investment in industry had multiplied 100 fold since 1949 totalling 265 billion dollars last year.

Such an economic giant can open up new and wide vistas for a tiny resource constrained people like Bangladesh. The

People's Republic of China has been maintaining a steady upward growth curve. According to the Asian Development Bank report 1991, the GDP [Gross Domestic Product] growth of China has been 4 percent, 5 percent and 5.7 percent in 1989, 1990 and 1991 respectively. It's projected growth in 1992 is 6 percent. Bangladesh can certainly benefit from Chinese experiences in its various developmental activities like flood management, population control, communications, rural development industry and infrastructure. But the record, for the last decade's bilateral trade does hardly encourage such hopes. It is a sad commentary on our foreign trade that while the import from China in 1979-80 was Tk. [taka] 105.71 cr [crore] or 1.85 percent of the total volume of import the same enhanced to Tk. 352.92 cr in 1988-89 or 3.24 percent of the total quantum of import. Thus import from China registered a negligible increase in quantitative terms. Similarly the picture of export to China looks more gloomy. While export to China was Tk. 36.12 cr in 1979-80 which constituted only 3.13 percent of the total volume of export the same came down to Tk. 116.71 cr in 1988-89, the increase is meagre in the sense that in percentage terms the proportion of export to China to the total export recorded steady decline during the last ten years from 3.13 percent to 2.81 percent.

Judged from the backdrop of a yawning trade imbalance with India, China offers a limitless frontier for our trade transaction. Whilst (Bangladesh export to India in 89-90 was of the order of Tk 21 cr. Our import from India skyrocketed to as big as TK. 321 cr in the same period. Thus while our adverse terms of trade with China is only 300 percent the same is 1,500 percent in India.

The Prime Minister's China tour will be meaningful only when something tangible is done to bridge the hiatus. And that has to happen as soon as possible.

#### **Report on Khaleda Zia's 27 Jun BBC Interview**

91AS1262A Dhaka THE NEW NATION in English  
28 Jun 91 pp 1, 8

[Text] Prime Minister Begum Khaleda Zia has said a constitution amendment bill seeking reversion to parliamentary system will be brought in soon and hoped all political parties will cooperate in its quick passage.

In an interview with BBC broadcast last night (Thursday) marking her 100 days in office, Begum Zia said she had committed to the people that system of government would be decided by parliament elected under a neutral government.

"We have consulted people's representatives and took the decision the moment they gave their verdict," Begum Zia said.

Asked if she thought of any procedural problem in adopting the proposed bill, Begum Zia said people and their representatives were behind it.

However, she said, certain political circles had been creating obstructions both within and outside parliament only for the sake of embarrassing her government.

The constitutional change will go through referendum smoothly "if it is necessary," she said.

On student unrest, the Prime Minister appealed to all political parties to extend cooperation in her efforts to restore congenial academic atmosphere in educational institutions.

Replying to a question, the Prime Minister said her government faced the biggest challenge on the 39th day of taking over the administration, when her party BNP [Bangladesh Nationalist Party] was poised to carry out the primary responsibility of introducing democracy.

She said despite the 29 April devastating cyclone, food deficit was unlikely this year. A bumper harvest in areas outside cyclone-affected southern districts helped in reducing a large gap, she added.

Begum Zia said problems of reaching relief to the cyclone-hit people had been tackled. Rehabilitation work is now going on full swing.

She expressed her gratitude to those foreign leaders and officials who visited the cyclone-battered areas and sympathised with the affected people.

#### **Shahabuddin's Nationwide Address**

91AS114A Dhaka THE BANGLADESH OBSERVER  
in English 6 Jun 91 pp 1, 8

[Text] The Acting President, Mr Justice Shahabuddin Ahmed Wednesday urged the Jatiya Sangsad to take constitutional measures at the outset of the coming Budget session to pave the way for his exit from the present position, reports BSS.

In a nation-wide address over television and radio, the Acting President also called for an immediate settlement of the issue of the form of government which, he said, had "created a lot of speculations."

Justice Shahabuddin said the consensus of all political parties was the basis of his being the Acting President. He said such a basis no longer existed and therefore he would prefer to quit his present position before any controversy generates.

In this context, Justice Shahabuddin said a State Minister had stated in the last session of parliament that the Acting President could vacate his position at his will by transferring power to the Speaker.

This, he said, meant that he had clung to power wilfully adding that such a statement could not be construed as the view of an individual since the party concerned did not refute it.

Justice Shahabuddin said a question was being raised as to "who is ruling the country—the Prime Minister or the Acting President. Some say the ghost of diarchy descended on the nation, this has thrown me in a very embarrassing situation," he said.

The Acting President called upon the Jatiya Sangsad to settle the controversy and appealed to the nation to nourish the democratic process set in motion.

In his 11-minute speech, Justice Shahabuddin touched upon the political scenario of the last three months and reiterated his eagerness to relinquish his present position. "I came to this post as a non-partisan person," he asserted.

The Acting President reminded the nation that the three political alliances, in a joint declaration had urged him to take over as the Acting President. "I kept their request on condition that I would return to my original position after holding parliamentary elections at the earliest.

He said the Alliance leadership particularly the two lady leaders, had made a commitment to me on December 5 that they would settle the constitutional question, if there is any, regarding his return to the original position.

He said the commitment of the two leaders was as good as a national commitment, and that its value was no less than the Constitution as the Constitution is the manifest will of the people, he added.

The Acting President recalled that in his address at the first session of Parliament of April 5 he had pointed out that under the Constitution he could not tender his resignation to anybody and that his tenure would complete when an elected President had assumed the office.

But if because of any abnormal situation like absence, illness or any other reason he became incapable of performing his responsibility only then the Speaker could automatically step in to assume presidency.

Justice Shahabuddin said in view of this he had urged the Parliament to add a transitional and temporary provision in the fourth schedule of the Constitution in accordance with Article 150.

He said the introduction of such a provision could have cleared the way for him to relinquish power and return to his original post without any controversy.

The Acting president regretted that the first session of Parliament had concluded without making any such constitutional provision despite being in session for 41 days.

The Acting President said he was a firm believer in democracy and wanted the country to be governed in accordance with democratic dispensation. He said the cabinet would have become inactive had he exercised all the powers of the President as envisaged in the constitution. Such a situation, he observed, would nullify the long struggle for a democratic system.

Justice Shahabuddin said he had given enough power and responsibility to the newly formed Cabinet under the Constitution. He said the Prime Minister was given the responsibility to preside over some Cabinet meetings as well. This was aimed at strengthening the democratic system which, has enhanced the prestige of the country in the eyes of the world.

The Acting President also referred to the other steps that he had taken to strengthen the democratic system.

The steps include the constitution of a high-powered relief committee headed by the Prime Minister following the recent cyclone and tidal surge, placement of the President relief godown and the Relief Coordination Information and Control Cell under the disposal of that Committee, and also the decision to make an international appeal in the name of the Prime Minister for emergency relief.

Justice Shahabuddin Ahmed said he sincerely wished the Parliament, elected through a free, fair and impartial election, could complete its term of five years. He recalled that none of the last four Parliaments could complete its full term.

He said it was also his desire to see that the government formed with members of the majority party was stable.

The Acting President said the misery of the nation was on the increase in the absence of political stability which had also been hindering economic development.

He said those who had faith in democracy would obviously want political stability. But sharp differences of opinion among the political parties could obstruct such stability.

The Acting President said conflicting opinions were prevailing as to the form of government. He made it clear that he as the non-partisan Acting President did not want to get himself involved in the debate.

Justice Shahabuddin said he had noticed that the Cabinet during its two and a half months had taken certain decision from the party point of view.

But my interference and application of power in accordance with the Constitution might evoke criticism as a negation of democratic principles he said adding "I consider it appropriate to vacate (position) under the circumstances."

#### **Interview With Sheikh Hasina Reported**

91AS1334A Dhaka THE NEW NATION in English  
12 Jul 91 pp 1, 8

[Article by A. Z. M. Haider: "Indemnity Act Violative of Fundamental Rights"]

[Text] The leader of the opposition in the National Parliament and the Chief of Bangladesh Awami League, Sheikh Hasina declared in unmistakable terms that those who would oppose Awami League's bill to repeal the Indemnity Act of 1975 would be guilty of contravening Articles 26 and 27 of the Constitution.

She was talking to the New Nation's special representative at the ante-room of her Parliament Chamber yesterday. The son of later president Justice Abu Sayeed Chowdhury, who is possibly the youngest member of the Awami League parliamentary party, was sitting by her side as she was talking to this correspondent.

Sheikh Hasina stated the Article 26 had made it clear that there could be no enactment in this country which would

be inconsistent with fundamental rights enshrined in the Constitution. The Article 27 states all are entitled to equal protection of law. The Awami League Chief stated her party had served notice to the Speaker to introduce a bill to revoke the Indemnity Act of 1975 because it was violative of Articles 26 and 27 of the Constitution.

In a sharp rebuff to those who complain Awami League has timed the notice for the bill with the Constitution amendment bills being deliberated upon in the Select Committee to strike a hard bargain with the Government, Sheikh Hasina said such observations are unfortunate. She further stated the bill exposed a mentality which militated against the outlines of the Joint Declaration of the three alliances.

Despite thin streaks of grey in her long hair, Sheikh Hasina, who appeared relatively younger than her age, said "nobody could have stronger sentiments about the trial of Bangabandhu Sheikh Mujibur Rahman's killers. But I have delinked my personal emotions and agonized feelings from the Constitution amendment bill which is intended to impart durable institutional shape to democracy and thereby thwart all future attempts at reversion to the politics of coup, conspiracy and killing once and for all."

Making a pointed reference to the Constitution amendment bill introduced in the House by Awami League, she claimed it was not designed to reflect its party politics. If Awami League wanted to do that, it would have incorporated in it the provision to repeal the Indemnity Act 1975. Our bill seeks to amend only those articles in the Constitution as are considered necessary to change the form of government from the existing presidential to the parliamentary form.

Comparing it with the one introduced by the ruling BNP [Bangladesh Nationalist Party], the opposition leader said it had inserted in it a number of provisions which were anything but democratic. She confessed floor-crossing was made prohibitive in 1972 constitution. But to disqualify a member from any electoral contest for a period of five years in case he loses his membership for floor-crossing or otherwise is certainly not democratic.

She also referred to the provision made in that bill that a member loses his or her membership as soon as the Prime Minister writes against him or her to the Chief Election Commissioner. It by no means stands the test of democratic principles.

Sheikh Hasina has also strong reservation about the provision made in the ruling BNP's amending bill that the President shall dissolve the parliament as per the advice of the Prime Minister which the latter will tender only if the thinks he has lost majority in the house. This will render the office of the President a rubberstamp body.

The Awami League Chief differed with the provisions made in that bill to enable the Speaker to conduct election to the presidency and to empower the government to recruit 20 percent non-members in the cabinet. These are in clear contravention of democratic principles, she added.

Referring to discussion going on in the Select Committee, Sheikh Hasina stated the government party was trying its best to get the Constitution Eleventh Amendment Bill relating to transfer of power from the Acting President passed before the 12th amendment bill. BNP is in a hurry to push through that bill to get state power transferred in its own hand. It would care little if the 12th amendment is not passed following the passage of the Eleventh amendment bill, she commented.

Sheikh Hasina said she had instructed the Awami League members in the select committee not to pass the Eleventh Constitution amendment bill, as was being pleaded for by BNP, before the passage of the twelfth amendment bill.

Referring to the outlines of the Joint Declaration Sheikh Hasina stated it had laid down in clear terms that the change in the form of government must precede the transfer of power from the Acting President so as to enable him to return to his parent post.

### **Constitutional Amendments Introduced in Parliament**

#### **Khaleda Zia Speech**

91AS1253A Dhaka THE BANGLADESH OBSERVER  
in English 3 Jul 91 pp 1, 8

[Text] Prime Minister Begum Khaleda Zia who is also Leader of the House on Tuesday placed the much awaited constitutional Amendment Bill for switching over to parliamentary system replacing the existing presidential system. While placing the Bill amidst thunderous clapping mostly from the members of the Treasury Bench, she made an appeal to all the members of the Sangsad to adopt the Bill unanimously forgetting political differences to fulfill the long-cherished dream of the people.

We have to give a permanent institutional shape to democracy in this historic hour and fulfill the pledge for the future generation," she said. The proposal is not intended to serve the purpose of any political party, or whims of any individual but to create conditions so that democracy could remain on solid ground, the prime minister said. Difference of political opinion will be there but all can collectively determine some programme through discussions for the achievement of some common objectives, she said. She hoped that all the members of the opposition and independent members would create a history of mutual cooperation in this noble task.

Dwelling at length on the people's long struggle for democracy since the historic Language Movement in 1952, mass upsurge in 1969 and war of independence in 1971, she said that hopes and aspirations of the people were trampled repeatedly. The prime minister recalled the introduction of one party rule by snatching people's right, parliamentary democracy, multi-party system, freedom of the Press, independence of judiciary and fundamental rights of the people through the passage of the Fourth Amendment in a few minutes time.

Paying tributes to Shaheed President Ziaur Rahman, she said it was BNP [Bangladesh Nationalist Party] which had



introduced multi-party democracy in place of one party system and restored the fundamental rights and freedom of the Press. The conspirators whom she described as enemies of democracy did not allow Ziaur Rahman to proceed further, she said. He was assassinated but his ideals could not be eradicated, she said. The enemies of democracy seized power through use of arms by toppling a democratically elected Government, she recalled. BNP along with other political parties including professional groups and students fought for democracy during the last nine years.

She said, her party never compromised during this period with the autocratic government nor did it participate in any farcical election, she said. The people whom she described as sovereign have given their mandate in favour of BNP in the free and fair polls under neutral government, she said.

Begum Khaleda Zia said both the presidential and parliamentary systems of government could ensure welfare of the people as well as both could give birth to autocracy and instability. Under the prevailing objective realities as well as experiences of various countries, the establishment of a parliamentary form of government would fulfill the hopes and aspirations of the people of Bangladesh, she said. She sought cooperation of all to join the historic task of upholding the sovereignty of the people and thus create a history through the unanimous adoption of the 12 Constitutional Amendment Bill.

Prime Minister Begum Khaleda Zia who is also Leader of the House introduced the 12th Constitutional Amendment Bill in the House to fulfill the long cherished hopes and aspirations of the people through the establishment of a government accountable to Parliament.

The Constitutional Amendment Bill provides that the executive power of the republic shall be exercised by the prime minister and the Cabinet would remain collectively responsible to the Parliament. The president will be elected by the members of the Parliament and he would act in accordance with the advice of the prime minister. The president shall hold the office for five years from the date of his entering office and shall not hold his office for more than two terms whether or not the terms are consecutive.

The president shall appoint prime minister the member of Parliament who appears to him to command the support of the majority of the members of Parliament. The appointment of other ministers will be made by the president on the advice of the prime minister.

It may be recalled here that the present president system was introduced on 25 January 1975 through the Fourth Constitutional Amendment from the parliamentary government by abolishing multi-party by then Awami League Government.

BSS adds: The bill provides that no less than four-fifths of the number of ministers shall be appointed from among the Members of Parliament and not more than one-fifth of their number may be chosen from among the persons qualified for elections as members of Parliament.

The Bill proposes stringent measures to check floor-crossing and formation of any group within the same party. Under the Bill, a person elected as a member of parliament as a candidate of a political party will lose seat in Parliament, if he resigns from his party, loses the membership of, or is expelled from his party, forms together with other MPs [Members of parliament] of the same party any group within the party, acts against decision of his party in Parliament and votes in Parliament against the party.

According to the Bill, if any independent member of Parliament joins any political party he shall be considered to have been elected as a nominee of that party.

The 12th Amendment Bill seeks to abolish the offices of the vice-president and deputy prime minister.

The statement of objects and reasons of the Bill said the present Parliament was the outcome of a persistent, severe and bloody people's movement for the last eight years which culminated into an unprecedented mass upsurge at its last stage. This unique Parliament has, therefore, a distinct national appeal.

The statement said the members of this Parliament, who have been elected by direct adult franchise in a free, fair and impartial election held under a neutral non-partisan caretaker government in a peaceful atmosphere have, there, an undisputed and fervent appeal and prestige. To them the people's aspiration is immense. Such hopes and aspirations of the people could only be fulfilled by establishing a government accountable to Parliament through a democratic process based on the backdrop of realities and multi-party system.

The statement thus said this Amendment Bill of the Constitution is deemed expedient and essential to democracy with an institutional shape.

#### Text of 11th Amendment

91AS1253B Dhaka THE NEW NATION in English  
3 Jul 91 p 7

[Article by Mirza Gholam Hafiz, Minister-in-Charge: "Amendment Bill" (Bill to ratify and confirm appointment of Chief Justice Mr. Shahabuddin Ahmed as Vice President)]

[Text] [To be introduced in Parliament] a Bill further to amend the Fourth Schedule to the Constitution of the People's Republic of Bangladesh.

Whereas in the face of the country-wide popular upsurge for overthrow of the illegal and undemocratic government and giving democracy an institutional shape the then president was compelled to tender resignation;

And whereas, after the historic success of the students, general public, the principal political alliances and parties, all employees and all professional organisations, regardless of their political affiliations, views and learnings, the three major political alliances made an ardent call to the Chief justice of Bangladesh, Mr. Justice Shahabuddin Ahmed to take the reins of a neutral and impartial government as its head;



And whereas, the then president decided to appoint Chief Justice Mr. Shahabuddin Ahmed Vice-President in the vacancy caused by the resignation of the then Vice-President and to tender his resignation to him;

And whereas upon unambiguous assurances of the three principal political alliances of the country to the effect that after running the government temporarily till the establishment of an elected democratic government through free, fair, and impartial elections to Parliament he would be able to return to the office of Chief Justice of Bangladesh and with the noble purpose of restoration of democracy the Chief Justice agreed to assume the great responsibility of running an impartial government as Acting President;

And whereas the period during which Chief Justice Mr. Shahabuddin Ahmed exercised the powers and performed the functions of the President in his capacity as Vice-President, a Parliament comprising people's representatives and a government of the people have been established through free, fair and impartial elections;

And whereas it is expedient to make provisions for ratification and confirmation of the appointment of Chief Justice Mr. Shahabuddin Ahmed as Vice-President, the exercise and performance by him of all powers and functions of the President acting as such and all laws and Ordinances made by him and acts and things done and all actions taken by him and for his return to the office of the Chief Justice of Bangladesh in accordance with the assurances of the people and the principal political alliances;

It is hereby enacted as follows:

1. Short Title—This act may be called the Constitution (Eleventh Amendment) Act, 1991.

2. Amendment of the Fourth Schedule to the Constitution—In the Constitution, in the Fourth Schedule, after paragraph 20, the following new paragraph 21 shall be added, namely:

"21. Ratification and confirmation of the appointment of Vice-President, etc.—(1) The appointment of, and the administration of oath to, the Chief Justice of Bangladesh as Vice-President on the 6th day of December, 1990, and the resignation tendered to him by the then President and all powers exercised, all laws and Ordinances made and all orders made, acts and things done, and actions taken, or purported to have been made, done or taken by the said Vice-President acting as President during the period between the 6th day of December, 1990, and the date of commencement of the Constitution (Eleventh Amendment) Act 1991 (of 1991) (both days inclusive), are hereby ratified and confirmed and declared to have been validly made, administered, tendered, exercised, done and taken according to law.

(2) The said Vice-President acting as President shall, after the commencement of the Constitution (Eleventh Amendment) Act, 1991 (of 1991), be eligible to resume the duties and responsibilities of the Chief Justice of Bangladesh and the period between the 6th day of December, 1990 and the date on which he resumes such duties and responsibilities

shall be deemed to be the period of actual service within the meaning of section 2(a) of the Supreme Court Judge (Leave, Pension and Privileges) Ordinance, 1982 (XX of 1982)."

#### Statements of Objects and Reasons

Parliament consisting of people's representatives and democratic government have since been formed through free, fair and impartial elections under the auspices of a non-party and impartial government. New provision has to be made in the Constitution for ratification and confirmation of the appointment on the 6th December 1990 of Chief Justice Mr. Shahabuddin Ahmed as Vice-president, the exercise and performance of the powers and functions of the President by him and all laws and Ordinances made and all acts and things done and all actions taken by him and for his return to the office of the Chief Justice of Bangladesh in accordance with assurances given to him by the people and the principal political alliances; and this Bill proposes to make such provisions.

#### Text of 12th Amendment

91AS1253C Dhaka THE NEW NATION in English  
3 Jul 91 pp 3, 7

[Article by Mirza Gholam Hafiz, Minister-in-Charge: "Text of 12th Constitution Amendment Bill"; quotation marks as published]

[Text] [To be introduced in Parliament] a Bill further to amend certain provisions of the Constitution of the People's Republic of Bangladesh.

Whereas it is expedient further to amend certain provisions of the Constitution of the People's Republic of Bangladesh for the purposes hereinafter appearing:

It is hereby enacted as follows:

#### 1. Short title and commencement

(1) This Act may be called the Constitution (Twelfth Amendment) Act, 1991.

(2) The provisions of this Act, except the provisions of section 12, shall come into force at once and the provisions of section 12 shall be deemed to have come into force on the 16th day of March 1991.

1. Amendment of Article 11 of the Constitution—In the Constitution of the People's Republic of Bangladesh, hereinafter referred to as the Constitution, in Article 11, after the word "guaranteed" the comma and words, "and in which effective participation by the people through their elected representatives in administration at all levels shall be ensured" shall be inserted.

3. Amendment of Part IV of the Constitution—In the Constitution, in Part IV, for Chapters I and II the following shall be substituted, namely:

**"Chapter I—The President**

48. The President—(1) There shall be a President of Bangladesh who shall be elected by members of Parliament in accordance with the provisions contained in the Fifth Schedule.

(2) The President shall, as Head of State, take precedence over all other persons in the State, and shall exercise the powers and perform the duties conferred and imposed on him by this Constitution and by any other law.

(3) In the exercise of all his functions, save only that of appointing the Prime Minister pursuant to clause (3) of article 56, the President shall act in accordance with the advice of the Prime Minister:

Provided that the question whether any, and if so what, advice has been tendered by the Prime Minister to the President shall not be enquired into in any court.

(4) A person shall not be qualified for election as President if he

(a) is less than thirty-five years of age; or (b) is not qualified for election as a member of Parliament; or (c) has been removed from the office of President by impeachment under this Constitution.

(5) The Prime Minister shall keep the President informed on matters of domestic and foreign policy, and submit for the consideration of the Cabinet any matter which the President may request him to refer to it.

49. Prerogative of Mercy—The President shall have power to grant pardons, reprieves and respites and to remit, suspend or commute any sentence passed by any court, tribunal or other authority.

50. Term of Office of President—(1) Subject to the provisions of this Constitution, the President shall hold office for a term of five years from the date on which he enters upon his office:

Provided that notwithstanding the expiration of his term of President shall continue to hold office until his successor enters upon his office:

(2) No person shall hold office as President for more than two terms, whether or not the terms are consecutive.

(3) The President may resign his office by writing under his hand addressed to the Speaker.

(4) The President during his term of office shall not be qualified for election as a member of Parliament, and if a member of Parliament is elected as President he shall vacate his seat in Parliament on the day on which he enters upon his office as President.

51. President's Immunity—(1) Without prejudice to the provisions of Article 52, the President shall not be answerable in any court for anything done or omitted by him in the exercise or purported exercise of the functions of this office, but this clause shall not prejudice the right of any person to take proceedings against the Government.

(2) During his term of office no criminal proceedings whatsoever shall be instituted or continued against the President in, and no process for his arrest or imprisonment shall issue from, any court.

52. Impeachment of the President—(1) The President may be impeached on a charge of violating this Constitution or of grave misconduct, preferred by a notice of motion signed by at least one-half of the total number of members of Parliament and delivered to the Speaker, setting out the particulars of the charge, and the motion shall not be debated earlier than fourteen nor later than thirty days after the notice is so delivered; and the Speaker shall forthwith summon Parliament if it is not in session.

(2) The conduct of the President may be referred by Parliament to any court, tribunal or body appointed or designated by Parliament for the investigation of a charge under this article.

(3) The President shall have the right to appear and to be represented during the consideration of the charge.

(4) If after the consideration of the charge a resolution is passed by Parliament by the votes of not less than two-thirds of the total number of members declaring that the charge has been substantiated, the President shall vacate his office on the date on which the resolution is passed.

(5) Where the Speaker is exercising the functions of the President under Article 54 the provisions of this article shall apply subject to the modifications that the reference to the Speaker in clause (1) shall be construed as a reference to the Deputy Speaker, and that the reference in clause (4) to the vacation by the Speaker of his office as Speaker; and on the passing of a resolution such as is referred to in clause (4) the Speaker shall cease to exercise the functions of President.

53. Removal of President on Ground of Incapacity—(1) The President may be removed from office on the ground of physical or mental incapacity on a motion of which notice, signed by not less than one-half of the total number of members of Parliament, is delivered to the Speaker, setting out particulars of the alleged incapacity.

(2) On receipt of the notice the Speaker shall forthwith summon Parliament if it is not in session and shall call for a resolution constituting a medical board (hereinafter in this article called "the Board"), and upon the necessary motion being made and carried shall forthwith cause a copy of the notice to be transmitted to the President together with a request signed by the Speaker that the President submit himself within a period of ten days from the date of the request to an examination by the Board.

(3) The motion for removal shall not be put to the vote earlier than fourteen nor later than thirty days after notice of the motion is delivered to the Speaker, and if it is again necessary to summon Parliament in order to enable the motion to be made within that period, the Speaker shall summon Parliament.

(4) The President shall have the right to appear and to be represented during the consideration of the motion.

(5) If the President has not submitted himself to an examination by the Board before the motion is made in Parliament, the motion may be put to the vote, and if it is passed by the votes of not less than two-thirds of the total number of members of Parliament, the President shall vacate his office on the date on which the motion is passed.

(6) If before the motion for removal is made in Parliament, the President has submitted himself to an examination by the Board, the motion shall not be put to the vote until the Board has been given an opportunity of reporting its opinion to Parliament.

(7) If after consideration by Parliament of the motion and of the report of the Board (which shall be submitted within seven days of the examination held pursuant to clause (2) and if not so submitted shall be dispensed with) the motion is passed by the votes of not less than two-thirds of the total number of members of Parliament, the President shall vacate his office on the date on which the resolution is passed.

54. Speaker To Act as President During Absence, etc.—If a vacancy occurs in the office of President or if the President is unable to discharge the functions of his office on account of absence, illness or any other cause the Speaker shall discharge those functions until a President is elected or until the President resumes the functions of his office, as the case may be.

## Chapter II—The Prime Minister and the Cabinet

55. The Cabinet—(1) There shall be a Cabinet for Bangladesh having the Prime Minister at its head and comprising also such other Ministers as the Prime Minister may from time to time designate.

(2) The executive power of the Republic shall, in accordance with this Constitution, be exercised by or on the authority of the Prime Minister.

(3) The Cabinet shall be collectively responsible to Parliament.

(4) All executive actions of the Government shall be expressed to be taken in the name of the President.

(5) The President shall by rules specify the manner in which orders and other instruments made in his name shall be attested or authenticated, and the validity of any order or instrument so attested or authenticated shall not be questioned in any court on the ground that it was not duly made or executed.

(6) The President shall make rule for the allocation and transaction of the business of the Government.

56. Minister—(There shall be a Prime Minister, and such other Ministers, Ministers of State and Deputy Ministers as may be determined by the Prime Minister.

(2) The appointments of the Prime Minister and other Ministers and of the Ministers of State and Deputy Ministers, shall be made by the President.

Provided that not less than four-fifths of their number shall be appointed from among members of Parliament and not more than one fifth of their number may be chosen from among persons qualified for election as members of Parliament.

(3) The President shall appoint as Prime Minister the member of Parliament who appears to him to command the support of the majority of the members of Parliament.

(4) If occasion arises for making any appointment under clause (2) or clause (3) between a dissolution of Parliament and the next following general election of members of Parliament, the persons who were such members immediately before the dissolution shall be regarded for the purpose of this clause as continuing to be such members.

57. Tenure of Office of Prime Minister—(1) The office of the Prime Minister shall become vacant—

(a) If he resigns from office by placing his resignation in the hands of the Prime Minister for submission to the President; (b) If he ceases to be a member of Parliament; (c) If the President pursuant to the provisions of clause (2), so directs; or (d) as provided in clause (4).

(2) The Prime Minister may at any time request a Minister to resign, and if such Minister fails to comply with the request, may advise the President to terminate the appointment of such Minister.

(3) Nothing in sub-clauses (a), (b) and (d) of clause (1) shall disqualify a Minister for holding office during any period in which Parliament stands dissolved.

(4) If the Prime Minister resigns from or ceases to hold office each of the other Ministers shall be deemed also to have resigned from office but shall, subject to the provisions of this Chapter, continue to hold office until his successor has entered upon office.

(5) In this article "Minister" includes Minister of State and Deputy Minister.

## Chapter III—Local Government

59. Local Government—(1) Local Government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons elected in accordance with law.

(2) Everybody such as is referred to in clause (1) shall, subject to this Constitution and any other law, perform within the appropriate administrative unit such functions as shall be prescribed by Act of Parliament, which may include functions relating to—

(a) administration and the work of public officers; (b) the maintenance of public order; (c) the preparation and implementation of plans relating to public services and economic development.

60. Powers of Local Government Bodies—For the purpose of giving full effect to the provisions of article 59 Parliament shall, by law, confer powers on the local government bodies referred to in that article, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds."

4. Amendment of Article 66 of the Constitution—In the Constitution in article 66,

(a) in clause (2), for sub-clause (d) the following shall be substituted, namely: "(d) has been on conviction for a criminal offence involving moral turpitude, sentenced to imprisonment for a term of not less than two years, unless—(i) such conviction has been reversed on appeal or revision; or (ii) a period of five years has elapsed since his release"; (b) in clause (2A) the words and commas "President, Vice-President, Prime Minister, Deputy Prime Minister," shall be omitted; and (c) in clause (4), the words and figure "or as to whether a member of Parliament should vacate his seat pursuant to article 70" shall be omitted.

5. Substitution of Article 70 of the Constitution—(1) In the Constitution, for article 70 the following shall be substituted, namely:

"70 Vacation of Seat on Resignation, etc.—If a person elected as a member of Parliament at an election at which he was nominated as a candidate by a political party—

(a) resigns from that party; (b) loses the membership of, or is expelled from, that party; (c) forms, together with some other members of that party, any group within that party; (d) acts in Parliament against the decision of that party; or (e) votes in Parliament against that party;

and the leader of that party in Parliament communicates this fact to the Election Commission in writing, the seat of that member shall fall vacant on the date of receipt of such communication by the Elections Commission.

Explanation—If a member of Parliament—

(a) being present in Parliament abstains from voting, or (b) absents himself from any sitting of Parliament, ignoring the direction of the party which nominated him at the election as a candidate not to do so, he shall be deemed to have voted against that party.

(2) A member of Parliament whose seat falls vacant under clause (1) shall be disqualified for election as a member of Parliament for a period of five years from the date his seat so falls vacant.

(3) If at any time groups are formed by members of Parliament of a political party and a question arises as to which group represents that party, the question may be referred to the Speaker by any such group in writing for a decision, and the Speaker shall, within seven days of the receipt of the reference, convene a meeting of all members of Parliament of that party and decide the question by putting it to vote and the decision of the Speaker on the result of such voting shall be final.

(4) If a person, after being elected a member of Parliament as an independent candidate, joins any political party, he shall for the purpose of this article, be deemed to have been elected as a nominee of that party.

6. Amendment of Article 72 of the Constitution—In the Constitution, in article 72,

(a) in clause (1), in the proviso, for the full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely:

"Provided further that in the exercise of his functions under this clause, the President shall act in accordance with the advice of the Prime Minister tendered to him in writing"; and (b) clause 4 (A) shall be omitted.

7. Amendment of Article 73A of the Constitution—In the Constitution, in article 73, in clause (2), the words "Deputy Prime Minister" shall be omitted.

8. Amendment of Article 88 of the Constitution—In the Constitution, in article 88, clause (aa) shall be omitted.

9. Amendment of Article 109 of the Constitution—In the Constitution, in article 109 after the word "courts" the words "and tribunals" shall be inserted.

10. Amendment of Article 119 of the Constitution—In the Constitution, in article 119, for clause (1) the following shall be substituted, namely:

"(1) The superintendence, direction and control of the preparation of the electoral rolls for all elections to Parliament and the conduct of such elections shall vest in the Election Commission which shall, in accordance with the Constitution and any other law—

(a) hold elections of members of Parliament; and (b) delimit the constituencies and prepare electoral rolls for the purpose of elections to Parliament."

11. Amendment of Article 122 of the Constitution—In the Constitution, in article 122—

(a) in clause (1), the words "to the office of President and Vice-President and" shall be omitted; (b) clause (3) shall be omitted.

12. Amendment of Article 123 of the Constitution—In the Constitution, in article 123—(a) for clause (1), (2), (2A) and (2B) the following shall be substituted, namely:

"(1) In the case of a vacancy in the office of the President occurring by reason of the expiration of his term of office an election to fill the vacancy shall be held within the period of ninety days prior to the date of expiration of the term:

Provided that if the term expires before the dissolution of the Parliament by the members of which he was elected the election to fill the vacancy shall not be held until after the next general election of members of Parliament, but shall be held within thirty days after the first sitting of Parliament following such general election.



(2) In the case of a vacancy in the office of President occurring by reason of the death, resignation or removal of the President, an election to fill the vacancy shall be held within the period of ninety days after the occurrence of the vacancy."; and

(b) in clause (4), for the full stop at the end of a colon shall be substituted and thereafter the following proviso shall be added, namely:

"Provided that in a case where, in the opinion of the Speaker and the Chief Election Commissioner, it is not possible, for reasons of an act of God, to hold such election within the period specified in this clause, such election shall be held within ninety days following next after the last day of such period."

13. Substitution of Article 124 of the Constitution—In the Constitution for article 124 the following shall be substituted, namely:

"124. Parliament May Make Provision as the Elections—Subject to the provisions of the Constitution Parliament may by law make provision with respect to all matters relating to or in connection with elections to Parliament, including the delimitation of constituencies, the preparation of electoral rolls, the holding of elections, and all other matters necessary for securing the due Constitution of Parliament."

14. Amendment of Article 125 of the Constitution—In the Constitution, in article 125, in clause (b), the words "and Vice-President" shall be omitted.

15. Amendment of Article 141A of the Constitution—In the Constitution, in article 141A, in clause (1), the following proviso shall be added, namely:

"Provided that such Proclamation shall require for its validity the prior counter signature of the Prime Minister."

16. Amendment of Article 141C of the Constitution—In the Constitution, in article 141C, in clause (1), for words "by order" the words and comma "on the written advice of the Prime Minister, by order" shall be substituted.

17. Amendment of Article 142 of the Constitution—In the Constitution, in article 142—

(a) in clause (1A), the figures and commas "48, 56, 58," shall be omitted; (b) after clause (1C), the following new clause shall be inserted, namely:

"(1D) Nothing in clause (1C) shall be deemed to be an expression of confidence or no-confidence in the Cabinet or Parliament."

18. Amendment of Article 147 of the Constitution—In the Constitution, in article 147, in clause (4),

(a) sub-clause (aa) shall be omitted; (b) in sub-clause (b), the words "or Deputy Prime Minister" shall be omitted.

19. Amendment of Article 148 of the Constitution—In the Constitution, in article 148, clause (1A) shall be omitted.

20. Amendment of Article 152 of the Constitution—In the Constitution, in article 152, in clause (1), the words "the Vice-President" means the Vice-President of Bangladesh elected or appointed under this Constitution" shall be omitted.

21. Amendment of the Third Schedule to the Constitution—In the Constitution, in the Third Schedule,

(a) form 1A shall be omitted; and (b) in form 2, in the heading the comma and words "Deputy Prime Minister" shall be omitted.

22. Amendment of the Fourth Schedule to the Constitution—In the Constitution, the Fourth Schedule, after paragraph 21, the following new paragraph 22 shall be added, namely:

"22. Notwithstanding anything contained in the Constitution, the Parliament functioning immediately before the commencement of the Constitution (Twelfth Amendment) Act, 1991 ( of 1991) shall be deemed duly elected and constituted in accordance with the Constitution and Law shall continue to function under the provisions of article 72 of the Constitution."

23. Insertion of New Fifth Schedule to the Constitution—in the Constitution, after the Fourth Schedule, the following new Fifth Schedule shall be inserted:

#### **"Fifth Schedule [Article 48]—Election of President**

1. The Speaker shall hold and conduct any election to the office of President, and shall be the returning officer for such election.

2. The Speaker shall preside at the meeting of the members of Parliament held pursuant to the provisions of this Schedule.

3. The Speaker shall, by public notification, fix the time and place for delivering nomination papers, holding a scrutiny, making withdrawals, and (if necessary) holding a poll.

4. At any time before noon on the day fixed for depositing nomination papers any member of Parliament may nominate for election as President a person qualified for such election, by delivering to the returning officer a nomination paper signed by himself as proposer and by another member of Parliament as seconder, together with a statement signed by the person nominated that he consents to the nomination.

Provided that no person shall sign, whether as proposer or as seconder, more than one nomination paper at any one election.

5. A scrutiny of nomination papers shall be held by the Speaker at the time and place fixed by him, and if after a scrutiny only one person remains validly nominated, the Speaker shall declare that person elected, but if more than one person remains validly nominated he shall announce, by public notification, the names of the persons validly nominated (in this Schedule referred to as the candidates).

6. A candidate may withdraw his candidature at any time before noon on the day fixed for this purpose by delivering a notice in writing under his hand to the Speaker, and a candidate who has so withdrawn shall not be allowed to cancel such notice.

7. If all but one of the candidates have withdrawn, that one shall be declared by the Speaker to be elected.

8. If there is no withdrawal or if, after withdrawals have taken place, two or more candidates remain validly nominated, the Speaker shall announce by public notification the names of the candidates and their proposers and seconders and shall proceed to hold a poll in accordance with the provisions of the succeeding paragraphs.

9. If, before the close of the poll, a candidate who has been validly nominated dies and a report of his death is received by the Speaker and the Speaker is satisfied that the candidate has died, he shall countermand the poll and all proceedings with reference to the election shall be commenced anew.

10. A poll shall be taken at a meeting of members of Parliament on such date and time as the Speaker may, by public notification, fix in this behalf and the Speaker shall conduct the poll with the assistance of such officers as he may appoint.

11. If there are only two candidates the candidate who has obtained the larger number of votes shall be declared by the Speaker to be elected.

12. If there are three or more candidates and one of those candidates has obtained a larger number of votes than the aggregate number of votes obtained by the remaining candidates, he shall be declared by the Speaker to be elected.

13. If there are three or more candidates and the last preceding paragraph does not apply a further poll shall be held at which the candidate who obtained the smallest number of votes at the previous poll shall be excluded.

14. Where at any poll any two or more candidates obtain an equal number to votes, than the result of the poll shall be decided by the casting votes of the Speaker openly.

15. After the close of the poll the Speaker shall announce the result of the poll and shall forthwith cause it to be declared by public notification.

16. The decision of the Speaker on all matters relating to the election of the President shall be final.

17. The Speaker may, by public notification, with approval of the President, make rules for carrying out the purposes of this Schedule.'

#### Statement of Objects and Reasons

The present Parliament is the outcome of a persistent, severe and bloody people's movement for the last eight years which culminated into a unprecedented mass upsurge at its last stage. This unique Parliament has, therefore, a distinct national appeal. The members of this

Parliament, who have been elected by direct adult franchise in a free, fair and impartial election held under a neutral non-partisan care-taker government in an ever peaceful atmosphere have, therefore, an undisputed and fervent appeal and prestige. To them the people's aspiration is immense. Such hopes and aspirations of the people could only be fulfilled by establishing a government accountable to Parliament through a democratic process based on the backdrop of realities and multiparty system. Thus, to adore democracy with an institutional shape this amendment Bill of the Constitution is deemed expedient and essential.

#### BNP, Awami League Urged To Work Toward Understanding

91AS0836B Dhaka SANGBAD in Bengali 8 Apr 91 p 4

[Article by Bajalur Rahman: "For the Goal of Stabilization of Democracy; National Understanding"]

[Text] The inaugural speech of Justice Shahabuddin Ahmed, the temporary President, to the newly convened National Samsad (Parliament) is very important from different perspectives. The nation is passing through a revolutionary phase. There is a great possibility and hope for success of democracy on the one hand, and it is full of economic problem and uncertainty on the other. He stated both sides—the hopes and the problems—from different angles. In the parliamentary form of government, the speech of the President mainly reflects the ideas and policies of the cabinet. In the presidential form of government, the President is all in all—the head of the state and the head of the government. What he says is the last word about the policy of the government. In our country, at present, although a constitutionally presidential form of government is in effect, but actually, the power remains in the hand of the cabinet under the leadership of the prime minister Begam Khalida, who was elected by a popular mandate. Even under these circumstances, in the President's speech, a nonpartisan and independent view of the President has been reflected. Although he, in general, avoided the debated issues, but he did not hesitate to call for a combined effort for establishing the democratic institution and finding out means to overcome the economic crisis facing the nation. Everyone is aware of the economic problems—low income, poverty, very low rate of savings and investment and almost full dependence on foreign help. It is also a known fact that it is very difficult to come out of this situation in the foreseeable future. But we cannot leave this difficult task undone. The task of economic improvement by fighting against poverty should be taken along with the task of establishing democracy. More attention should be paid to the establishment of an honest and clean administration, curtailment of unnecessary and unproductive expenses in government and private sector, encouragement for the increase of national savings and investment, the full utilization of the production capacity of the existing industries, supplying necessary equipment at a low cost for agricultural production, availability of low-cost loans, expansion of market for national products by increasing the buying power of the people, suppressing smuggling, etc. From our experience of

the last three decades, it has been found beyond any doubt that whatever amount of money we may get in help or loans from foreign countries, it is impossible to achieve economic progress or raise the standard of living of the people without putting an end to extravagance and corruption. All our attempts to remove poverty are being destroyed by the low rate of investment and the population increase. It has been publicized that the rate of the growth of population is controlled at 2.2 percent. But in the President's speech it is confessed that the rate of the growth of population is still 2.6 percent. It means that for the last one and half decade the money that had been spent for population control, was simply misappropriated recklessly. Our achievement score is zero in the field of the "number-one problem" in the nation. In fact, the new government has to face a great challenge and its success or failure is not only linked up with its own future, but also with the future of the nation.

To face this mounting economic problem, a stable democratic system and national effort are needed. Everyone would agree that corruption and extravagance have increased in the one-man rule in the past. Nothing good happened either to the country or to its people and it was not possible either. Similarly, it is also agreed that the successful popular uprising brought down the autocratic ruler, but no change is yet made to the autocratic ruling system. The formation of a new parliament of the people's representatives by the election of February 27, created an historical opportunity for a change, and if we fail to utilize this event, the objectives of the popular uprising, made possible by the blood of hundreds of martyrs, would not be achieved. The temporary president rightly said that the parliament has to decide about the form of government. He did not hesitate to say that if parliamentary form of government is reestablished by amending the Constitution, the complicated matter of transfer of power could be settled within one and a half months. If a parliamentary form of government is reestablished, it would put an end to the debate and excitement about the issue of the form of government; and, with an absolute majority, the BNP [Bangladesh Nationalist Party] government under the leadership of Begam Khaleda Zia could run the administration for the next five years. It does not have any justification to stick to the issue of the presidential form of government, which would result in passing again through a period of uncertainty and another costly election. The president correctly said that the Joint Declaration of three fronts may not have constitutional value, but it has great political importance. It is not desirable that people start thinking that Begam Zia of BNP is shifting away from the Declaration. Everyone must agree that a national consensus is essential to create a democratic institution and a stable democratic government. Lack of this consensus or understanding, due to anyone's fault, would only help the antidemocratic forces. It should also be understood that in politics, the knowledge and art of reaching understanding is as much important as the art of opposing, and in this respect, the majority party has more responsibility.

### **Bangladesh Nationalist Party 3-Point Program Analyzed**

91AS0836A Dhaka ITTEFAQ in Bengali 14 Apr 91 p 2

[Text] Prime Minister Begam Khaleda declared the three-point emergency program for the national development. These are (1) to stop smuggling; (2) to uproot corruption from the administration; and (3) to keep law and order and to recover illegal arms. She asked the officials to report about the progress in those three fields in monthly assessment meetings.

This three-point program of the new government is undoubtedly good, but nothing is new in it. For the ultimate aim of achieving rapid economic progress, speeding up the process of industrialization and integration of national independence and sovereignty, this three-point program is the primary step of the government. We want to discuss those three different programs one by one.

The first one is the question of smuggling. If we are to stop smuggling into Bangladesh, which is surrounded by India on three sides, the first step should be to identify which goods are smuggled here and what are the reasons behind that. The goods that have a popular demand here, and we cannot meet the demand by our own production either in quality or in quantity or in price, it is natural that those goods would capture the market coming through the back door of smuggling. In that respect, the necessary step is to make sure there is sufficient production of such goods with good quality and that the price is fixed fairly for them. If more attention is given in manufacturing those goods without denying the right and taste of the buyers, some solution could be found for this problem. If the buyers get quality goods according to their choice and taste in a reasonable price, they would not buy foreign made goods. Then, what is necessary now? If you are to keep prices down, the production process must be kept running, and to keep it running, the supply of raw material should be guaranteed. Steps should be taken to ensure that industrialists produce better quality goods freely and unnecessary governmental interference into the activities of the private sector should be stopped. It means that the government should abandon the mentality of determining the wages or the number of workers and stop imposing them on the employers. The principle of a competitive market must be followed more rigidly. It is very important to take steps to make manufactured items fashionable. In our country, sometimes, manufactured goods come to the market in a way that they do not attract the buyers. A quality product fails to attract the buyer due to poor finishing. We do not have the technology to make things look good and fashionable. Importance should be also given to this matter. It has also been noticed that many goods manufactured in this country suffer from poor quality. The fault is with the persons who are in charge of quality control. The absence of an open-market economy and the monopolistic pattern of production might be another reason for this poor quality. The government, therefore, has to look into all these aspects carefully. If the domestic production machine runs well and can produce sufficiently, the smuggling rate would definitely go down. Even after these,



strong legal action should be taken against those who would be involved in smuggling. And for this, it is necessary that all the relevant authorities should be honest and alert.

The second program is to uproot corruption from the administration. This task is very much essential and equally difficult. The corruption in administrative machinery is a long patronized sin. The sense of economic insecurity of the people helped to expand this sin. If an attempt is to be made to uproot it from the top to the bottom level, first it is essential to bring economic security to the people on the lower level. After this, the corrupted persons should be identified and strong action should be taken against them. Financial statements from all the persons involved in administration should be gathered and scrutinized. Only when a government official, whatever his rank might be, is secure economically, could he live an honest and comfortable life from his own income. It should be understood that this kind of situation cannot be made just by increasing salary or allowances. It is essential to make sure that the prices of everyday commodities must not go up. The duty of keeping law and order falls under the jurisdiction of administration. It is possible that a politically established and strong government may not take any steps to pressure the institution that is responsible to uphold law and order. In the past we have seen how, due to political pressure, a political organization becomes helpless in taking action and, in fact, becomes a victim of blackmail. In that condition, they could do nothing even knowing that the administration and the institution responsible for law and order were taking advantage of the situation. This is the main reason for the deterioration of the law-and-order situation and the use of illegal arms that made ordinary people insecure and frustrated. We, therefore, think that the new government should go forward to implement the new programs taking into consideration all these factors. Monthly assessment meetings might be a process, but not a solution. The path of solution must be searched out.

#### **Analyst Views Developing Political Crisis**

91AS1079A Dhaka SANGBAD in Bengali 11 Jun 91 p 4

[Article by Matiur Rahman: "The Acting President's Speech, BNP's Reaction, and the Possible Crisis"]

[Text] During the past week, the political climate of the country has suddenly become filled with excitement. On Tuesday (4 June), when the news broke out that the acting president would give a speech to the nation on Wednesday (5 June), a kind of deep anxiety spread all over the country. It was also announced that the acting president refused to meet with a delegation comprising of four ministers in an unscheduled meeting. After this, BNP [Bangladesh Nationalist Party] called for a mass rally at Gulistan on 6 June, the day after the acting president's speech. At a meeting in the evening of 4 June, Begum Khalida Zia declared that she was not like Justice Sattar. She could not be thrown out of power through conspiracy. When all these incidents were reported in the newspapers the following day, numerous questions surfaced throughout the whole

country including Dhaka. Rumors, such as, the resignation of the acting president, the dismissal of the ministry, or the announcement of a date for the election of a new President etc., spread widely and, no doubt, greatly affected the BNP. But before noon, the country was relieved from some of its anxieties. It was learned that the acting president was not going to take such extreme measures. The acting president did not consult with Prime Minister Begum Zia or anyone regarding the topic of his speech.

The decision of the acting president to give a speech to the nation might have been sudden, but it was not entirely unexpected. He had been preparing for such a speech during the past few days. Before the beginning of the second session of the Samsad (Parliament) he could have made this speech any day. On Tuesday, a file with an unjust decision was sent to him for his approval which he refused to sign. And he immediately made the decision to speak to the nation.

The deterioration of the relationship between the prime minister and the acting president was not a secret to the political circles of Dhaka. The difference of opinion among them has been growing day by day. The acting president had hinted about this in his speech at the first session of the Samsad. Recently, these problems have been growing deeper. The acting president had not been informed at proper time about some very important matters. Constitutionally, he is the chief executive of the administration of the country and the members of the cabinet, including the prime minister, are his advisers. But after the formation of the cabinet, the acting president never used his executive powers. He did not want to do that. He took all the steps in keeping with the new ministry, which came to power through a free and fair election, which meant to work in a democratic manner to fulfill the desire of the people. He never stood in the way of any activity of the BNP ministry. Even after the terrible disastrous cyclone, he voluntarily handed over to the prime minister all the responsibility concerning relief work. Although he faced criticism for this action, he did not pay heed. At that time, open discussions began to take place in different circles throughout the country concerning a dual rule. In spite of all this, no change took place in his policy of balanced cooperation with the politically elected government of the country.

It has been observed that the BNP, the majority party in the Samsad, is dragging its feet with regard to arriving at a decision in accordance with the wish of the people about such an important matter, such as the future form of government of the country. No decision has been taken during the 41 days of the first session of the Samsad. No proposal has been brought to the Samsad regarding this matter. No attempt has been made to come to an understanding with the opposition parties. No decision has even been taken from the party's standpoint. As a result of all this, the political instability of the country has increased. The administrative machinery, instead of gaining expected momentum, has become more slack. At present, approvals are needed from both the prime minister and the acting president to make any decision. In reality, a dual rule is in place in the country. As a result, the entire decisionmaking



process concerning important issues affecting national concerns including the economic concerns, were being delayed. Consequently, the backlog of problems began to surface recently in many different ways. Oddly, Begum Khalida Zia and the BNP leadership were beginning to uncover a conspiracy. Naturally, attempts are now being made to hold the main opposition party or some foreign country or some other power responsible for all of this. This is the same old technique followed by the previous governments to shift the responsibilities of their failure to someone else's shoulder. No concrete evidence in support of these charges have been placed before the people. Now, the question is: What has happened to the country that the prime minister has to sacrifice blood to safeguard democracy?

At present, the most important matter for the acting president is to see that some measures are taken in the Samsad aimed at his return to his old position. For that matter, the BNP did not take any initiative to present any necessary amendment proposal to the Constitution. On the other hand, the acting president repeatedly stressed the importance of this matter. In accordance with the desire of the people, the acting president wants to go back to his old position after holding free and fair elections and transferring power to the democratically elected government. Actually, it was the national consensus. After performing his historical responsibility with utmost honesty and in an ethical manner, he found that his future had been thrown into complete uncertainty. During this period, no one discussed this matter with him. In the last session of the Samsad, BNP's deputy minister Nazmul Huda made an unrealistic proposal that the acting president should hand over his power to the speaker of the House. It means that the acting president should be declared as either physically ill or as being unable to perform his designated duties. On behalf of the BNP, no comment has been made about this proposal from the deputy minister. This stance of the BNP deeply shocked the acting president. And he pointed this out in his speech. It has been suspected since then that an attempt would slowly be made to push him into such a situation that would force him to make a personal decision. But it can be said on the basis of the acting president's activities for the last six months that he would not take any unconstitutional step and he would not yield to any kind of pressure. He will not take any measure which could obstruct the flow of the democratic process. He even does not have any other ambition except going back to his old position. In some circles, there are thoughts of entering him as candidate in the next presidential election, but he would not go along with that. It may be somewhat irrelevant but not an exaggeration, if we say that the acting president has set an example for others by his day-to-day handling of administrative functions and by showing deep regard for democratic norms. Although he took on the full responsibilities of the presidency, he only accepted minimum benefits for himself and his family. This is an exceptional example for our country.

We all know that in a revolutionary moment for the country and in an unprecedented situation, Chief Justice

Shahabuddin Ahmed took over the historical responsibility of the presidency. And there is no question that he served this patriotic responsibility with competence. The kind of treatment such a person received from the government and the political leadership is really painful. Throwing his future in uncertainty is bound to be considered as an unethical act from the standpoint of any kind of standard of political judgment. Well, where the interest of any person or any group is strong, this kind of thing is natural. But the question is—if a political party after coming to power could take such a stance on the issue of fulfillment of its own promise, what could the people expect from them?

Under these circumstances, Acting President Shahabuddin Ahmed decided to place the whole matter before the people. He had no other alternative. He took up the responsibility of acting president at the time of the people's victory movement against autocracy and on the basis of a consensus among all the democratic forces. So, he wanted to place clearly all the present political and constitutional problems of the country before the people and before all the political forces. And he was able to do that successfully in his eleven minute speech. He clearly said that in accordance with his constitutional powers, if he intervenes in the work of the ministry, that might be criticized as antidemocratic. He, therefore, thinks it is better if he resigns. So, he requested the Samsad to take some constitutional measure to relieve him from his present post at the beginning of the coming session. He also insisted to that a quick decision be made on the issue of the form of government. It is clear from the acting president's speech that he put a time limit to resolve those two above mentioned very important questions. It can be said that he has put direct pressure on the BNP government to arrive at a decision instead of following their present policy of killing time. In other words, he hurled a challenge to the BNP and reminded them about the constitutional power of the acting president. They also became alert. In the mass rally, which they called in response to the acting president's speech to the nation, they refrained from making any direct protest about the whole matter. What they said amounted to some indirect hints only. The statement made from the party's standpoint was apparently in a tone of agreement with the logic put forward by the acting president. But the acting president's speech created a strong reaction in the minds of the BNP leadership in general, its workers, and supporters. Because the speech had some indirect criticism of the BNP government. He also reminded the government very clearly that the ministry might be BNP's, but he was still the chief executive of the whole administrative organ of the state and, if necessary, he could use his powers. He could even nullify any decision made by the BNP ministry. After last week's various incidents, Prime Minister Begum Khalida Zia, along with five other ministers, met with the acting president last Friday (7th June) in a meeting where "important administrative matters were discussed." It can be assumed that they talked about the issues raised in the acting president's speech.

To resolve the present constitutional and political crisis of the country, the amendment to the Constitution is essential and must be done by the Samsad. In this regard, we still do not have any indication from the BNP as the ruling party. On the issue concerning the form of government, though the majority in the BNP favors the constitutional form, but no decision has officially been taken yet. It is reported that the main leadership is more interested in inventing a mixed form of government which is between the constitutional and presidential forms of government. It is believed that no other form of government except a constitutional form would be accepted in the Samsad. It means that the present system of autocratic presidential form of government would be continued. But the people fought for a long time for a sovereign Samsad and a government which would be accountable to the people. To achieve this goal, all three fronts of the movement reached a consensus and it was made public in a joint declaration. All the people's organizations, both professionals and intellectuals, supported this declaration. It is even heard now that for various reasons the leadership of the present armed forces thinks that the constitutional form of government is better for the administration of the country. So, it can be said that all the different powerful sections except Jatiya Dal are in favor of the declaration made by the three fronts. Even after all this, if the BNP shifts from that declaration, in the interest of a person or a group and supports the presidential form of government, it would be an unfortunate matter for the whole nation. It has been learned from informed sources that the BNP leadership suffers from the fear that if they choose the parliamentary form of government, attempts would be made to break the party and a minority government could come to power as it happened in India when Chandrashekhar became prime minister. If that is the only fear in case of choosing parliamentary form, some rigid constitutional amendment could be brought regarding leaving the party and recognizing a new group in the parliament and the whole matter could be discussed openly between the ruling and the opposition parties. Unfortunately, no such atmosphere exists for this kind of discussion. The country's political crisis will not be resolved unless the ruling and the opposition parties come to an understanding. As a result, the acting president's appeal to secure the present democratic process will end up in failure. It will mean that the present constitutional crisis will drag the country into a deeper political and economic crisis and the nation's democratic and political leadership will have to bear full responsibility. Although the large share of the responsibility must go to the ruling party, the opposition parties cannot turn away from it.

#### **Awami League Central Executive Committee Meets**

91AS1247A Dhaka THE BANGLADESH OBSERVER  
in English 9 Jul 91 p 1, 10

[Text] Bangladesh Awami League said that the current Budget had neglected the policy of reducing taxes and duties on some essentials resulting in the accelerating the sufferings of the peasants, workers and the people of low

income groups. It observed that the additional taxes on edible oil, powder milk, gas, electricity had pushed the families with low incomes to below poverty level.

Adopting resolutions on the conclusion of the two-day meeting of the Central Executive Committee of the party on the 1991-92 Budget, the Awami League observed that the budget would further aggravate the economic hardship of the people already living below the poverty level who accounted for 90 percent of the population.

Chaired by Sheikh Hasina, President of the Bangladesh Awami League and Leader of the Opposition in the Parliament, the two-day meeting of central committee held on Friday and Saturday said the reduction of duty on air conditioner, white cement, refrigerator, lift and other luxury goods as proposed in the Budget had repeated the policy pursued by past autocratic regime.

Critising the imposition of increased duty on raw materials used in the cottage industries and domestic industries, the Awami League observed that the measure would hinder the growth of industrialisation and the expansion of cottage and small industries in the country.

The current Budget is said failed to take measure to check the decline in the growth rate and discourage investment by the medium investors in the private sector. The measure, it further observed would hinder the growth of domestic capital. The present government without examining the success and failure had pursued the indiscriminate policy of denationalisation. The current Budget proposed to earn Taka 50 crores by denationalisation of state enterprises.

Critising the introduction of Value Added Tax (VAT), the Awami League meeting said that it would increase the cost of living of the people following the enhancement of price putting the common people in severe economic hardship.

#### **Jamaat-e-Islami CWC Meets, Issues Resolution**

91AS1109A Dhaka THE BANGLADESH OBSERVER  
in English 9 Jun 91 p 1

[Text] The Central Working Committee [CWC] of the Jamaat-e-Islami [JI], Bangladesh at a meeting held on Saturday urged the ruling party Bangladesh Nationalist Party (BNP) to place a bill in the coming session of the parliament aiming at introducing parliamentary system of government in the country and help the Acting President to go back to his previous position.

Presided over by Acting Amir Mr. Abbas Ali Khan, the meeting of the Jamaat-e-Islami said that the establishment of democracy would be possible in the country keeping the sharp differences among the political parties on the issue of the form of government.

In a resolution, the meeting expressed its deep anxiety over the differences in opinion among the political parties in settling the issue of the form of government although the six months had elapsed after the fall of the autocratic regime.

The meeting said that no initiative was taken over this long period to narrow the differences of the political parties to remove the constitutional crisis through negotiations and consultation. The Jamaat-e-Islami felt that it would not be possible to overcome the present crisis without the combined efforts.

Referring to the president's speech over radio and television and the prime minister's speech in a public meeting the next day, had amply proved that political uncertainty was prevailing in the national life.

The Jamaat meeting hoped that all democratic parties were under obligation to support any bill placed by the ruling party aiming at introducing parliamentary system in the country.

### **Central Working Committee of JI Meets, Reviews National Budget**

91AS1266A Dhaka THE BANGLADESH OBSERVER in English 19 Jun 91 pp 1, 8

[Text] The central working committee [CWC] of Jamaat-e-Islami [JI] Bangladesh Tuesday reviewed the National Budget for 1991-92 and expressed its satisfaction for giving proper importance to agriculture, rural development, flood control and water resources, education, power, oil and gas and transport in the new budget, reports BSS.

Presided over by Acting Amir Mr. Abbas Ali Khan, the committee in a resolution said despite enhancement of allocations in these sectors the poor people of the country would be deprived of its fruits.

The meeting said, although enhanced allocation was made in the Budget for the development sector, the role of internal resources in this sector had reduced further. This trend clearly proved the weakness of the overall management of the national economy, it added.

The party considers the imposition of taxes on the poor people on the plea of deficit of the internal resources keeping Taka thousands of crore unpaid with the able borrowers was almost a crime.

The meeting said, the internal resources could be increased by raising efficiency in production and realising huge loan money from the defaulters and not by imposing the new taxes on the poor people.

The meeting expressed deep concern following reduction of allocation in industrial sector and said that the step would yield a negative effect in creating job opportunities in the country. The discouragement of the industrial sector would turn the country into a free market of the foreign products, the meeting added.

The meeting demanded lifting of the proposed taxes on essential commodities like gas, electricity, edible oil for ameliorating the sufferings of the common people.

### **Schism Seen in Eight-Party Alliance**

91AS1114A Dhaka THE NEW NATION in English 5 Jun 91 pp 1, 8

[Text] Schism in Swami League Led Eight-Party Alliance which remains only in name further widened and faces a possible final break-up following the recent attack on the house of Mr. Suranjit Sen Gupta MP [Member of Parliament]. Alliance insiders said that so far no initiative was taken to heal the fissures. Instead, the major partners of the alliance had shown reluctance in holding even a meeting to discuss the incident though some of them made public statements condemning the attack. This incident deeply hurt the partners of the alliance and Mr. Nani Gopal Shaha a NAP leader said that the alliance in true sense of term functioning since 27 February parliamentary polls. [sentence as received] Awami League [AL] tried to hold a meeting of the alliance for a post-election discussion but the meeting was not at all held till today, the NAP leader said. However, the National Awami Party (NAP) had decided at its high command meeting not to rally on common platform for any political cause. NAP will support the like minded camp only to press the national issues like parliamentary form of government, Mr. Nani added.

Both the Communist Party (CPB) and Baksal hold similar views said another NAP leader.

They felt that narrow party interests had sealed the fate of the alliance, party insiders said, claiming that the CPB leaders including General Secretary Mr. Saifuddin Ahmed Manik were questioned by the party activists about the utility of the alliance. A notable number of mid level leaders and workers of the party at the last executive and extended meeting had reportedly supported the idea to quit the alliance. The debate on the issue remained inconclusive.

The CPB Secretary General Mr. Saifuddin Ahmed Manik had condemned the attack on the house of Mr. Suranjit Sen Gupta saying that such incident would adversely affect the democratic gains achieved through ouster of the autocratic regime. We disagree with the contents of discussion of Mr. Sen Gupta in television recently but under no circumstances the attack and ransacking of his house is supportable, Mr. Manik said.

The NAP leader Pankaj Bhattacharya also made the identical statement.

Talking to this correspondent a senior leader of NAP said Mr. Sen Gupta took leading role in the break-up of NAP. He was then close to Awami League high command. He had forced the party to take part in 1986 parliamentary polls.

The Ganatantrik Party was included in the 8-party alliance at the behest of AL high command despite sharp opposition from the NAP leaders. It is irony that AL high command did not telephone Mr. Gupta after the incident. AL Chief Sheikh Hasina remained silent in this regard, the NAP leader said.



When asked Advocate Abdus Samad and Waliul Islam Gana Azadi League resented the attack and termed it as manifestation of fascism. Gana Azadi League leaders made it clear that it was a serious blow on the unity of 8-party alliance.

Mr. Gupta however at his press conference did not name any party involved in the attack, but Mr. Gupta said that the attackers raised the slogans "Hasina go ahead we are with you and Joy Bangla."

Mr. Suranjit's statement elicited a sharp rebuttal from the Awami League General Secretary Begum Sajeda Chowdhury, MP who expressed surprise over the statement and said that the statement of Suranjit Sen Gupta in connection with attack on his house would harm the united movement of progressive and democratic forces to establish a sovereign Parliament in the country.

Begum Sajeda Chowdhury asserted that Awami League Chief Sheik Hasina and other party leaders wanted to know about the incident [at] Mr. Gupta's house.

Mr. Sen Gupta had faced AL wrath earlier when he voted in favour to present Speaker and Deputy Speaker of Parliament. He was abused by some agitated AL MPs during the recess of the session. The recent incident was just outburst of that agitation, some party insiders observed.

When asked, a CPB leader said that the incident was unfortunate and condemnable but it would not affect the united move in Parliament to change the form of government.

#### **Communist Party Central Committee Meets**

91AS1251A Dhaka THE NEW NATION in English  
5 Jul 91 pp 1, 8

[Text] The central committee of Communist Party of Bangladesh [CPB] began its four-day meeting yesterday to discuss various aspects of the Constitution amendment bill introduced in the Parliament to switch over to parliamentary system.

Presided over by Mr. Rathin Chakravorty, member of the party's central committee, the meeting in a resolution congratulated the government for introducing the bill in the parliament to restore parliamentary form of government reflecting the hopes and aspirations of the people and paying homage to the memory of martyrs.

The meeting stressed the need for taking necessary initiatives for annulment of those measures which were taken by the previous regime to make the Constitution Second, Fourth, Fifth, Sixth, Eighth, Ninth and Tenth Amendments.

The meeting, however, said although the central committee has given its consensus to the 12th Amendment Bill introduced by the ruling party, it has reservation about certain clauses which are "inconsistent with the democratic norms and rules."

The meeting also called for repealing of sub-section Two of Section Five of the 12th Amendment Bill.

The CPB central committee also observed that the election to the office of the president should be conducted by the Chief Election Commissioner. The meeting opined that the parliamentary system should be established first after adopting the 12th Amendment Bill as per framework of the three political alliances.

#### **Workers Party Politburo Meets, Discuss Resolutions**

91AS1328A Dhaka THE BANGLADESH OBSERVER  
in English 11 Jul 91 p 3

[Text] The Politburo of Bangladesh Workers Party Tuesday said that the bills placed before parliament for changing the system of government were important steps in the march towards democracy to establish parliamentary system of government in the country, reports BSS.

In a set of resolutions taken at a meeting of the politburo with party chairman Comrade Abul Bashir in the chair, it called for giving democracy a permanent base by rescuing economy from corruption, ensuring food, shelter and communal harmony and upholding the spirit of independence and sovereignty in the light of the War of Liberation.

Only the change of government system will not solve the national problems, the politburo said while reviewing the bills at the meeting, a press release of the party said in Dhaka on Tuesday night.

According to the resolutions, the politburo said that both BNP [Bangladesh Nationalist Party] and Awami League were silent about the second amendment which incorporated provision to revoke fundamental rights and about the preventive detention law. It called for removing all these inconsistencies and undemocratic measures and giving democracy an institutional shape on the basis of the consensus and unanimity of all political parties, both inside and out side parliament, and the joint declaration of three alliances.

The meeting regretted that both the bills were silent about the seizure of power through unconstitutional means. Whereas, it said, the joint declaration has categorically called for an end to such system.

Regarding resistance to floor crossing in favour of stability as enshrined in the bill placed by BNP, the politburo resolved that this provision declaring someone ineligible for election for five years was undemocratic and contrary to fundamental rights.

It said stability of the government was much more important than the stability of person in this respect.

Besides, the resolutions said, the provision giving the speaker the responsibility to hold presidential polls and inclusion of non-member in the cabinet were also undemocratic and contrary to justice.



### Brother-In-Law of Ershad Arrested

91AS1112A Dhaka THE NEW NATION in English  
3 Jun 91 p 1

[Text] Mustafizur Rahman, brother-in-law of ousted President H.M. Ershad was arrested by police Saturday mid-night from his residence in the cantonment area. He was sent to Dhaka Central Jail yesterday with a detention order for 120 days under the Special Powers Act, police said.

A squad of the Special Branch police raided Mustafizur Rahman's house in cantonment area Saturday mid-night and arrested him under the Special Powers Act, police sources said. After his arrest, he was taken to the Cantonment police station at 4 a.m. and later sent to Dhaka Central Jail with a detention order for 120 days.

Mustafizur Rahman, Rawshan Ershad's brother-in-law used to keep all the links with the ousted president since Ershad was removed from power on 6 December and taken into custody at a Gulshan sub-jail from the official Sena Bhavan residence and subsequently later to Dhaka Central Jail.

According to allegations, Mustafizur Rahman used to meet Ershad during the latter's confinement at a Gulshan residence which was turned into a sub-jail and got number of bank cheques signed by Ershad. One of such attempts through one of Ershad's lawyers was detected by police on duty.

Mustafizur Rahman was made a member of the inventory committee on behalf of Ershad for making the seizure list of the belongings of the ousted president at his official residence. He also used to supply meals in the initial days to Ershad, his wife Rawshan and their son Saad at Gulshan sub-jail.

Police sources said his movements were under surveillance for long since Ershad was detained.

### Papers Report on Ershad Prosecution

#### Sentence for Arms Possession

91AS1115A Dhaka THE BANGLADESH OBSERVER  
in English 13 Jun 91 pp 1, 10

[Text] Former President Hussein Muhammad Ershad was convicted on Wednesday and sentenced to suffer rigorous imprisonment for 10 years for possessing unauthorised arms and ammunition, reports BSS.

Pronouncing the judgement at the packed court room in Gulshan, the Special Tribunal Judge, Mr. Muhammad Habibullah, said the accused former president was found guilty of the charge under Sub-Sections A and of Section 19 of the Arms Act of 1878 read with Special Powers Act of 1974.

The judgement said the period already spent in custody would be counted towards the sentence and added that the "awarding of the most minimum sentence would meet the ends of justice."

The judgement further said the arms and ammunition in question were confiscated to the state under Section 26 of the Arms Act and that those would be preserved in the Toshakhana of the Bangabhaban (President's palace) as per rules.

The Special Judge took well over one hour to read out the 33-page judgement before the accused former President Hussein Muhammad Ershad who was sitting on a chair in the dock. He was clad in an off-white full-sleeve safari suit.

After hearing the judgement, Mr. Ershad stood up and said "I did not get fair justice."

The prosecution case was that the accused Hussein Muhammad Ershad, who was the longest serving president of the country, had been living at the Sena Bhavan under cantonment police station, stepped down as head of the state on 6 December and was placed under detention from 12 December of 1990. He was then shifted from the Sena Bhavan to House No. 10, Road No. 84 of Gulshan, which was declared as a sub-jail.

The same day the Log Area Commander, Dhaka Cantonment, formed a board for sealing up the Sena Bhavan and making an inventory of all articles found there. Two more persons were appointed members of the board by the Home Ministry.

The board members visited the Sena Bhavan on 13 December and opened the seal and lock of two of the rooms. They handed over two wearing apparels to Mr. Mustafizur Rahman, a brother-in-law of the accused, who also represented him (Ershad) and was a member of the inventory board. The rooms were again sealed up.

On 15 December, the Home Ministry replaced the former committee with a new inventory committee with the chief metropolitan magistrate as the convener. This committee, while preparing the inventory on the spot, found, among other things, a good number of arms and ammunition with and without license. The committee, in its report submitted on 29 December, listed A) (one) 9 mm pistol with 100 live cartridges, B) 2 (two) 7.65 mm pistols with 75 live cartridges, C) 1 (one) pistol .22 bore, D) 4 (four) DBBL guns-12 bores, E) 11 (eleven) cartridges of 30-06 rifles, F) 12 (twelve) .32 bore cartridges and a total of 375 live cartridges of different bores and calibres.

The judge quoted prosecution as having stated that the arms and ammunition, excepting the 11 round cartridges of 30-06 rifle, were handed over by Mr. Mustafizur Rahman who represented Ershad in the inventory committee.

The prosecution said according to the statement of Mr. Rahman, Mr. Ershad's mother-in-law removed several trunks of articles from Sena Bhavan and in one of such trunk the unlicensed arms and ammunition along with other licensed arms and ammunition were found. The accused said he had no license for the arms and ammunition.

Mr. Mustafiz handed them over to the inventory committee on 24 December 1990.

The prosecution stated that the accused had knowingly kept, controlled and possessed the said arms and ammunition.

The police then took up investigation, examined witnesses, seized the arms and ammunition, prepared the seizure list and found prima facie case against the accused and then submitted the charge sheet.

The charges were then framed against the accused under sections 19(A) and 19(F) of the Arms Act of 1878 triable under Section 26 read with Paragraph 3 of the Schedule of the Special Powers Act of 1974.

The defence case was that the accused had pleaded not guilty to the charges. Mr. Ershad had told the court the arms were presented to him by the Iraqi President during his Iraq visit and as president of the country he was exempted from holding license.

The defence further pleaded that the arms and ammunition were handed over to the inventory committee on 24 December 1990, which was within the amnesty period that ended on 26 December.

The defence also submitted that criminal proceedings against Mr. Ershad, who was head of the state, was not maintainable under Articles 52 and 53 of the country's constitution. It also said the case was politically motivated.

The judge, Mr. Muhammad Habibullah, in the findings of his long judgement, said that "the present arms case against the former President Lt. Gen (Rtd) H.M. Ershad is indeed a unique case in the history of Bangladesh, nay, the whole of Bangladesh-Pakistan-India subcontinent and perhaps in the known history of the presidents of different countries in the world.

The defence advocate Mr. Serajul Huq argued that the arms case against the Former President "is a case with a political end in view and mala fide."

The Attorney General Mr. Aminul Huq, in reply, said that such an argument by the defence "is misleading and not based on facts."

Judge Mr. Muhammad Habibullah said the pistols and their ammunition found at the Sena Bhaban fell within the category of prohibited bores in respect of the president of the country, and he was under obligation to obtain license for their possession. The accused, as head of the state, was not exempted from presenting these arms and ammunition to any police station under law. A valid license was a must for possessing and for controlling such arms and ammunition, he said.

In respect of the cartridges also, the judgement stated that the charges under section 19(A) and 19(F) of the arms act were proved by the prosecution beyond all reasonable doubts.

The arms case was the first of the several criminal cases started against the former president since his overthrow on 6 December last year following a mass upsurge.

Attorney General Aminul Huq was assisted by Deputy Attorney Generals, Hasan Arif and Aminul Islam Chowdhury and special public prosecutors Abdul Mannan Bhuiya, Fazlur Rahman Khan, Azizul Huq Bachchu, Md. Shahjahan and Sanaullah Miah and Assistant Public Prosecutor Farid Ahmed and others.

Advocate Sirajul Huq, Kazi Shahadat Hossain, Mafizur Rahman Majumdar, Yousuf Humayun, Mosharraf Hossain, A. R. Mollah, Shudhir Kumar Hazra, Helaluddin, Mustafa Jamal, Farah Hossain, Nahid Kahir and Jinnat Ali appeared for the defence.

### Testimony of 3 Jun

91AS1115B Dhaka THE NEW NATION in English  
4 Jun 91 pp 1, 8

[Text] Hearing of the Arms case against former President Ershad resumed here yesterday at the Special Tribunal with special judge Mr. Muhammad Habibullah in the chair, reports BSS.

The case was adjourned a number of times since mid-May following an appeal on behalf of the accused former president to the Supreme Court for transferring the trial from the special tribunal.

Then the trial resumed yesterday in Gulshan, the .3006 Rifle which General Ershad had presented to museum was exhibited by Adjutant General branch of the office of the Supreme Commander.

Major Rashid who was examined as defence witness said during deposition that the rifle was presented to the Museum by General Ershad on 26 November 1987. He said that the rifle was serviceable but the bullets presented were not serviceable.

On query, Major Rashid told the Court that the Museum was not handed over any license of the said rifle. Besides, he said, the museum was not aware as to how the weapon was procured and that no paper or document in support of its procurement was submitted during presentation or afterwards.

The defense submitted a photocopy of the license of the rifle. On scrutiny, the Court observed that the license bears no number of the weapon. The court later rejected a prayer of the defence for calling the registrar of license issuing authority from Dhaka D.C. office saying it is the responsibility of the defence to produce evidence.

The Attorney General, arguing on the issue of gift, submitted that the defence could not show any document in support of its contention. He further said the accused obtained a post-dated certificate from Iraqi Ambassador which was proved to be false and baseless by the Protocol Officer of Bangabhaban who showed with documents that the accused did not pay visit to Iraq in 1985 as stated by the Iraqi envoy. About the plea of getting the gift from Iraq in 1989, the Attorney General mentioned that the Protocol

Officer showed with paper and document that no such gift (rifle) was received by Ershad in 1989 from the Iraqi ruler.

The Attorney General, Mr. Aminul Haq, submitted that the accused or his representatives never tried to surrender the authorised arms in his possession to the police station as required under law to take advantage of the amnesty announced by the government. He argued that the accused who had from Gulshan sub-jail petitioned to the Election Commission for his nomination to the Jatiya Sangsad election, did not feel it necessary to inform the appropriate authority that he wanted to surrender the unauthorised arms in his illegal possession. Continuing Mr. Haq said even if the arms were gifts, which the lawyer defending the accused could not prove, the accused as per law was required to deposit them to the government's toshakhana.

The Attorney General said the defence could not prove that all unauthorised fire arms were gift, he said the accused Ershad might have smuggled in the guns without paying customs duty.

About Senabhaban as part of Bangabhaban, the attorney General submitted that several responsible officers of the government came with documents from Cabinet Division and Bangabhaban but none of them said the government ever took a decision declaring Sena Bhaban as part of Bangabhaban. The Attorney General also sought to prove that the accused committed a criminal offense by keeping the fire arms in violation of the Arms Rule of 1973 as well as the Arms Act of 1878 and mentioned that 3 pistols and 11 bullets were of bores which even a president was not allowed to keep.

Ershad's Chief Counsel Advocate Serajul Haq who began his argument after the recess questioned the validity of the FIR [First Information Report]. He challenged the FIR as it did not mention the time, a very important element of FIR.

Mr. Serajul Haq argued that under the provision of the Constitution, the head of state is immune from trial.

Referring this contention of the defence lawyer, the Attorney General said the constitutional provision did not stipulate this in writing.

The Defense Counsel opined that penal case could not be started against his client and that law also allows him to keep certain guns without license. He mentioned that the said rifle was purchased in 1964 when accused was a captain and that he was not bound to prove that. The Defence Counsel contended that former president would enjoy immunity from trial under the constitution even for his criminal deeds to which Attorney General strongly contested.

The Attorney General said the Constitution of the Republic did not give immunity to the former president from trial for his personal activities beyond the call of official duty.

The Defence Counsel said if the arms were not accepted as gift, then those come under the purview of amnesty as

those were deposited within the surrender period. He said as per instruction of his client, the arms were deposited to Senabhaban which should be accepted as surrender.

About Senabhaban as part of Bangabhaban, Serajul Haq said as per law wherever a president lives that becomes the president's house-Bangabhaban. Therefore, Senabhaban for all practical purposes was Bangabhaban.

Regarding the failure to deposit the gift to Toshakhana, the Defence Lawyer admitted that it was an irregularity but not a criminal offence.

The court was adjourned at 3:55 pm to resume at 10:30 am today.

#### Attorney General's Remarks

91AS1115C Dhaka THE NEW NATION in English  
5 Jun 91 pp 1, 8

[Text] The Attorney General in the Special Tribunal held that the president can be tried when out of office for criminal offences committed during the presidency.

Replying to the defence argument in the arms case against HM Ershad, Attorney General Aminul Haq refuted any political or vindictive attitude behind implicating the former president, the case was initiated under a neutral government and hence no politics involved in it, he added.

Hearing of the case by a one-man Tribunal with Mohammad Habibullah, district and sessions judge Dhaka, began 19 February was completed yesterday and the judgement is expected on 12 June when the court resumes. Ershad was charged for keeping eight unauthorised arms and ammunition at his official residence Senabhaban.

A second case against him begins today (Wednesday) on charges of amassing wealth beyond known sources of income, about two crore taka was recovered from Ershad's official residence after he was overthrown by a mass upsurge on 6 December last year.

Rebutting defence counsel Advocate Sirajul Haq, the Attorney General quoted observation of the Supreme Court that the president or the vice president is immune from criminal proceedings (as provided in Article 52 of the Constitution) only when they are actually in office. The observation came in the case against former president Khandkar Mushtaque Ahmed in 1981.

The High Court hearing the writ petition for transfer of this case also observed that there is no bar to try the president for criminal offence when he is out of office, he submitted.

Aminul Haq also referred to the case against Pakistan Prime Minister Zulfikar Ali Bhatti who was tried and convicted by Lahore High Court for the murder committed during his tenure of office.

He further referred to Asma Jilani's case in the Pakistan Supreme Court in 1974 where the Judges observed that military adventurers occupy powers by force and so long as

they are in power, court is helpless and function under them. But when they fall high treason because these people are traitors to democracy and rule of law.

General Ershad has usurped power—he came to power in 1982 overthrowing an elected government, imposed martial law and hence the Attorney General told the court.

Ershad who ruled the country about nine years with iron hand, sitting in the dock pale and gloomy, was apparently annoyed at Attorney General's remarks and grinding his teeth in anger.

About the defence contention of flaws in the FIR [First Information Report] lodged against Ershad, the prosecution counsel said it (FIR) is not an encyclopedia that it should include everything. It is the first band report filed to put the law into motion.

There was a great deal of argument and counter argument on the grade of pistols and revolvers president can keep under the Arms Act 1924 amended in 1973. The prosecution refuted the defence argument that the president is examined from the mischief of law for keeping the arms recovered from the Sanabhavan.

Earlier, defense counsel Advocate Sirajul Haq resuming his argument invoked Article 35 of the constitution. It said, inter alia, no person shall be convicted of any offence except for violation of a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than, or different from, that which might have been inflicted under the law in force at the time of the commission of the offence.

The accused was president since 1984 and hence the law at that time should be applicable in this case, Haq argued.

He further argued that three pistols deposited by Mustafizur Rahman which are said to have [been] taken home by mistake from Sanabhavan by his mother-in-law. It should not be correct to conclude that these arms were kept and controlled by the accused. Mustafiz and his mother-in-law are neither witness nor accused in this case.

Again, he argued the president is an institution. Nowhere in the constitution is it said that he can be tried and punished. The constitution never contemplated president will be tried for criminal offence, he said.

Advocate Haq was often humorous in driving home this point and sometimes convincing in his arguments that possibly raised the hopes of Ershad who was keenly looking at him from the dock.

He said it is clear from the prosecution witness that the case was filed against the former president under directives from the Home Ministry.

"Let not politics vitiate the standard of justice," he submitted to the court. "We should see whether there was any vindictive attitude behind filing the case."

Advocate Haq observed that it is a rare case of peculiar nature, nobody dared to stand for defence witness, none stands by the fallen hero.

### Flaws in Prosecution

91AS1115D Dhaka THE NEW NATION in English  
30 May 91 pp 1, 8

[Text] The gravity and momentousness with which crime and corruption cases against the anti-people autocratic regime of Ershad were originally instituted seemed to have lost their edge following the lapse of several months.

The inordinate delay being made to initiate corruption cases against Ershad, his corrupt ministers point to the painful fact that the bureaucracy is not cooperating with the government in speeding up the legal proceedings against the leaders of the discredited regime. One wonders if a section of the bureaucracy, like a vested group of big business, has soft corners for the protagonist of the regime and his courtiers many of whom have courted arrest and some of them are still living underground. Or is it the power of black money that is perverting the course of law.

A competent source informed THE NEW NATION arms case was only a very minor case in comparison to the numerous corruption cases involving Ershad's underhand financial transactions worth crores of taka. Some of his ministers are similarly charged with unauthorised deals for gaining pecuniary benefits.

While the administration has remained busy grappling with Ershad's possession of a few pieces of unauthorised arms, other cases of his underhand transactions to the colossal pecuniary loss to the government have not yet been started. It is gathered from a reliable source that most of such financial deals in which he remained involved used to be executed at Hong Kong and Singapore by fake companies which used to negotiate deals on behalf of Ershad and Begum Ershad under the code words "settle with the fat man" through bank accounts which used to be invariably closed on completion of the transactions.

The Fairfax which unearthed this information is not being able to lay its hand on further details of such clandestine transactions. More details of such unscrupulous financial deals could be made available if Ershad, his ministers and some bureaucrats could be interrogated.

But neither those great men were interrogated, no full-dress enquiry into their corruption, made. Thus it is because of the dearth of cooperation from that section of bureaucracy which reaped rich harvest during the tenure of Ershad and his ministers that the corruption cases against them were going by default.

The other factor which is directly contributing to the subtle and surreptitious move to subvert the corruption cases against them is the huge black money which they have amassed during their anti-people rule over this country. Now that they are out of power, they are making optimum utilization of their black money to nullify the cases against them and thereby set at naught the results of the mass upsurge which has been enacted to wipe out all corruptions and pave the way for establishment of a just, democratic socio-political order.



The beneficiaries of the discredited autocratic regime are not only trying to subvert the corruption cases against them but also to sabotage the criminal case started against Ershad. For instance, for the conduct of that case services of top criminal lawyers have not been commissioned.

They have not been consulted even for the case which is of great political significance. Senior lawyers are often found to be reluctant to act as government lawyers for understandable reasons. But under special terms and conditions the eminent lawyers can be engaged for the conduct of a case of such grave political importance.

It will not be fair to turn oblivious to the incontrovertible fact that lawyers played a leading role in the mass upsurge to topple corrupt autocratic Ershad regime. Many eminent lawyers of the country stand politically committed to the eradication of the corrupt elements who have plundered this poor country. These lawyers would be too happy to be called upon to assist the administration in conducting criminal cases against Ershad and his political parasites. It is hardly necessary that the Attorney General must personally conduct each and every case. In fact the Attorney General is not also getting much help.

The ruling BNP [Bangladesh Nationalist Party] has some eminent lawyers who stand politically committed to help the government in conducting corruption cases efficiently without causing unwarranted delay. The question asked is why they are not playing their role.

Some senior lawyers of the Supreme Court have expressed their disappointment to this Correspondent about the fact that the government has not arranged a broad based consultation with the eminent criminal lawyers about the difficulties it is facing in conducting the corruption cases. They say there should be a special panel of lawyers to help the government with the corruption cases.

The political implication of the corruption cases against the autocratic regime, in particular, has to be grasped in all its ramifications. The failure of these cases will only mean the defeat of the spirit of defiance and revolt of the masses against injustice and corruption, as demonstrated in the mass upsurge.

#### **Begum Ershad Blamed for Corruption in Academy**

91AS1268A Dhaka *THE NEW NATION* in English  
8 Jul 91 pp 1, 8

[Text] The Shishu Academy is allegedly in bad shape requiring urgent intervention of the Government to restore its healthy environment so that talents can flower in the centre.

The academy is beset with corruptions, service irregularities and misuse of funds which are the legacies of the past regime, said an insider pinpointing the need for removal of these persisting factors from this organisation he said the only way to make it function efficiently is the removal of all its irregularities. [sentence as published]

Some insiders alleged that the incumbent Director and the Deputy Director grabbed their posts illegally by crawling at

the feet of the former First Lady Begum Rawshan Ershad who was the Chairman of the academy.

It is further alleged that the present Deputy Director of Academy Jahanara Rahman was posted bypassing seven senior colleagues. She was earlier promoted from museum keeper to assistant director bypassing four other senior colleagues. She secured two promotions within one year, alleged the insider. She has amassed huge wealth at the cost of the academy and has built a four storied house at Kalabagan through questionable means, it is alleged.

The present Director similarly rose to this lucrative post while deserving incumbents were kept rotting. It is alleged that these people spent academy funds including Taka three lakh to furnish the chamber of Begum Rawshan Ershad at the academy only to satisfy her.

Begum Rawshan Ershad was in various work order which had no requirement, they said and pointed out that these were done to create business opportunity for people of this unscrupulous circle to benefit mutually from it.

They alleged that the present Director misused huge amounts of money while he led a children delegation to Turkey as Deputy Director of the organisation.

The audit report held the academy responsible for a large amount of fictitious expenditure and demanded refund of Taka 25 thousand which had no voucher whatsoever. The former First Lady, however, helped solve the problems with the AG [expansion not given] office, they alleged.

Similar abuse of academy funds was reported when a children delegation was sent to China. The former First Lady accompanied the delegation, which also included the present Director and the Deputy Director. Audit objections were raised on the plea of expenditure outside budget allocation and the former First Lady similarly intervened into the matter while a large amount of public funds was misused.

It is alleged that the Shishu Academy management realised large sums of money from guardians of children to include them in various children delegations abroad.

The Director and the Deputy Director took the covert payment on the plea that there was shortage of funds to send the delegations and meet the expenses while they were regularly provided public money to cover the expenses whenever such team was sent abroad.

The Deputy Director extravagantly misuses academy facilities including transport. The Director of the Academy allegedly indulged them these undue facilities.

The Shishu Academy should be saved from such irregularities and a probe is immediately necessary to put the Academy on its right track, the insider felt.

## Further Reports on Prosecution of Ershad

### 10 Jul Hearing

91AS1321A Dhaka THE NEW NATION in English  
11 Jul 91 p 8

[Text] In the corruption case against deposed President Ershad, the prosecution witness yesterday denied a suggestion of the chief defence counsel that the case has no locus standi but aimed at meeting political end, reports UNB.

Advocate Sirajul Haq cross-examined prosecution witness Azizul Haq Bhuiyan, convenor of the 8-member Inventory Committee which enlisted items including a cash of Tk 1,90,81,565 in Sena Bhavan where the accused used to live before his fall.

Replying to a volley of questions, Azizul Haq Bhuiyan, also Chief Metropolitan Magistrate (CMM) of Dhaka, said the Inventory Committee was constituted by the government but it was not mentioned under which the committee was formed.

Bhuiyan replied in the negative when asked if he was aware of any such inventory of Sena Bhavan set up after the change of presidents in the past. He is also not aware of existence of law for setting up inventory committee.

The prosecution witness also denied a suggestion of the defence counsel that it was an illegal order to go through the exercise of making inventory ultimately to hook his client by any means.

He said the purpose of his committee was to prepare a list of goods and dispose of them, not to seize them. One Deputy Commissioner of police was on the committee, but he didn't seize the goods.

Bhuiyan was also one of the main prosecution witnesses in the arms case against Ershad in which the former president was convicted and sentenced to 10 years rigorous imprisonment.

He replied in the negative when asked if he was aware ex-president had written seven letters to the authorities requesting his or his wife's presence at the time of making inventory so that he could identify his belongings.

The prosecution witness said Mustafizur Rahman, the brother-in-law of the accused, represented ex-President on the committee. Rahman was introduced to him by the then Home Secretary saying he (Rahman) is the representative of Ershad.

He further said in case of confusion about the ownership of any item, it was disposed of on the basis of identification by Ershad's representative Mustafizur Rahman.

On question of 62 bottles of foreign-made liquor, mostly Whisky, the prosecution witness said he was not aware from where those were procured or bought.

The defence counsel suggested the alcohols were all gifts from ambassadors of different countries to the president of

the country and not to Ershad personally. Therefore, those belonged to the presidency, not to Ershad "who says he does not drink alcohol".

On the money, Advocate Haq produced records before the court that ownership was mentioned in case of all items excepting the cash recovered from different trunks.

Before the court retired to resume on July 13, defence counsel Advocate Yusuf Hussain Humayun submitted a group of lawyers from both sides be allowed to see the condition in which the accused has been living in Dhaka Central Jail. Ershad complained he was living in sub-human condition and kept in solitary confinement.

Attorney General Aminul Haq submitted a report of the Home Ministry giving details of the facilities provided to Ershad behind the bars. This, he said, is more than what the accused is entitled to.

After the court retired, Advocate Sirajul Haq told reporters even the cook in jail was restricted to talk to the former President. He said facilities should be extended to the accused as per provisions of the jail code.

Advocate Haq suggested two jail inmates, preferably from among the political prisoners, be allowed to give Ershad company so that he can talk to and discuss something. The authorities should look into it humanely for solitary confinement may turn a man mad.

He also regretted that he was allowed to consult Ershad not more than thrice and not a single time Mrs. Raushan Ershad who is also his client facing corruption cases. He said he should be allowed to consult his clients at least once a fortnight.

### 13 Jul Proceedings

91AS1321B Dhaka THE BANGLADESH OBSERVER  
in English 14 Jul 91 pp 1, 10

[Text] The inventory committee which took stock of the goods and materials at Senabhaban after the former President H.M. Ershad had left that house, did not remove any file or note pertaining to permission given for the purchase of a government building at Dhanmondi as an office for Jatiya Party, reports BSS.

Mr. Talim Hossain, Executive Engineer at Dhaka Garrison and a member of the inventory committee, during cross examination on Saturday at the Dhaka Divisional Special Judge's Court rejected defence suggestion of concealing the particular file (that contained permission) to institute a case against the former President. He testified that he did not remember finding any such file by the committee nor was it being included in the inventory list.

The court chaired by Mr. Mohammad Ali Khan is trying former President Ershad on charges of amassing wealth beyond his known source of income. Two prosecution witnesses (PW) including Mr. Hossain who deposed on Saturday were also examined by the defence.

The chief defence counsel Serajul Haq said as Chairman of Jatiya Party his client Ershad sought permission to purchase a government building. He told the court that approval to purchase and the price fixed for it were contained in a file which had been removed from Senabhaban. A prayer would be made to the court to call the file from the Works Ministry, he added.

Saturday's hearing was mostly devoted to the deposition of Mr. Hossain that corroborated with the deposition of the Chief Metropolitan Magistrate Mr. Azizul Haq Bhuyian, the chief witness in this case.

Mr. Hossain narrated how taka 1,90,81,565 was recovered from 25 trunks where the money were wrapped up and concealed into the sarees, safaris and other apparels.

As Mr. Hossain, the prosecution witness-7, was responding to the queries of Attorney General Aminul Haq, Mr. Ershad sitting in the dock was seen quietly shedding drops of tears. This is for the first time in the four months that he is attending court regularly as an accused, the former strongman appeared to be broken down at least for a few seconds.

Mr. Ershad entered the court on Saturday in a somewhat gloomy mood. Despite his best efforts he could not restore his composure when the court adjourned at 115 p.m. Ershad was also seen to be annoyed during deposition by PW-7 and was noticed to call his lawyers to his dock on several occasions.

At one stage of the hearing, Barrister A.R. Mollah, one of the lawyers of Mr. Ershad drew the attention of the court saying that noise due to heavy traffic was telling upon the health of their client.

In his deposition, Mr. Atahar Ali, ASP City Special Branch told the court that he served the detention order and the grounds of detention to former President on December 12 and December 24 respectively. He rejected a defence suggestion that the detention order was served in haste to illegally seize the personal effects of the accused Ershad.

The court resumes today (Sunday) at 10 a.m.

#### 14 Jul Session

91AS1321C Dhaka THE NEW NATION in English  
15 Jul 91 pp 1, 8

[Text] The chief defence counsel of deposed President Ershad yesterday admitted in the special court the recovery of the entire amount of Tk 1,90,81,565 from Senabhaban where the accused used to live before taken into custody December 12 under the Special Powers Act, reports UNB.

"I always admitted recovery of the money, the money was in the house (Sena Bhaban) but not in the manner he (witness) says", Advocate Sirajul Haq said.

The prosecution witnesses including the two examined yesterday told the court the money mostly in five hundred taka note bundles were found in folds of clothes in 21 trunks and also in a show case.

Once a powerful General, Ershad captured power overthrowing an elected government and ruled the country with an iron hand for nearly nine years was ousted from power through a mass movement December last. He was convicted and sentenced to 10 years rigorous imprisonment in May for keeping illegal firearms and now faces a case of corruption.

Defending the accused, Advocate Haq said the money belonged to Jatiya Party (JP) and its chairman Ershad kept the cash ready for payment of the party house bought from the government. Under the rules, the accused is to submit an account from where he obtained the money.

Earlier, Advocate Haq continued for the second day yesterday cross examination of prosecution witness Talim Hussain, Executive Engineer in Dhaka Garrison, who was also on the 8-member inventory committee that listed articles including money and unauthorised arms in Sena Bhaban.

Q: Can you estimate the price of a 6000 square feet house on one bigha of land?

Ans: I cannot without seeing the plan.

Q: Do you know Jatiya Party chairman Ershad applied in 1988 to the government asking to sell the house used as JP office in Dhanmondi, the government had fixed the price of the house at Tk 1.80 crore and written to JP to deposit the money?

Ans: I am not aware of this.

Q: Is this the same money JP mobilised to purchase the party house which you recovered.

Ans: I have no knowledge about it.

Q: Did you try to know where a man got so much of money?

Ans: No, we did not.

Q: Do you know ex-president Ershad was chairman of Jatiya Party?

Ans: Yes (after fumbling).

Q: Did you ask the housewife (of Sena Bhaban) Begum Raushan Ershad about the money?

Ans: No.

Q: Do you know money has to be deposited to the treasury for buying government house?

Ans: I am not aware of it.

Q: Do you know treasury does not accept cheque but cash?

Ans: I do not know.

Q: Do you know payment is to be made in cash for stamps for registration of land or house, and cheque is not acceptable?

Ans: I do not know.

Prosecution witness denied a defence suggestion that he did not make any effort to find the money related files and documents for, the sole purpose of preparing inventory was to involve his client in a false case.

He also denied the money was taken illegally.

Q: Do you know JP Secretary General filed a civil suit claiming return of the party fund?

Ans: I have no knowledge.

Witness Talim Hussain further denied a defence suggestion that the Inventory Committee was ordered to take action in accordance with the law but it had prepared the grounds of the false case without giving the accused a chance to give account of the money.

Deposing in the court, prosecution witness No. 8.

Moniruzzaman Khan, Divisional Engineer of T & T, member of the Inventory Committee said, the articles including the cash and unlicensed firearms in Sena Bhaban were listed in presence of Mustafizur Rahman, brother-in-law and representative of the accused.

Corroborating the statements of convenor of the Inventory Committee and other prosecution witnesses, Moniruzzaman said the money were recovered from folds of clothes in different trunks.

Replying to defence query he said he able to suddenly identify articles of his relations including those of his brother-in-law. He, however, hastened to add Mustafizur Rahman was representative of the accused for doing this.

The court ruled out a defence objection that the Attorney General Aminul Haq "overleading" the prosecution witness when he (Moniruzzaman Khan) was giving the court details of the money from the documents.

#### **Inquiry Report Submitted**

91AS1321D Dhaka THE BANGLADESH OBSERVER  
in English 16 Jul 91 p 1

[Text] The commission for enquiring into the allegations of abuse of power and corruption against former President Hussain Muhammad Ershad, his Council of Ministers and others, and officers and employees of government and autonomous bodies submitted the second and last volume of its report to Acting President Justice Shahabuddin Ahmed in Dhaka on Monday, reports BSS.

The commission, headed by Justice D. M. Ansaruddin Ahmed, submitted the first volume of its report on March 31.

While receiving the final volume of the report, the Acting President thanked the Chairman of the commission and its members for the hard work done by them for completing the investigation and compiling the report on time.

Members of the commission Shah Abdul Hannan and A.K.M. Mahbubul Huq were present. Mr. Hannan is a member of the National Board of Revenue while Mr. Huq

is an Additional Inspector General of Police now working as the Director General of the Department of Narcotics Control.

#### **Ershad Chief Whip, Jute Minister Arrested**

91AS1333A Dhaka THE NEW NATION in English  
16 Jul 91 pp 1, 8

[Text] Former Jute Minister and Chief Whip of the ousted Ershad regime Abdus Satter was arrested from an Uttara residence in the capital on Saturday night on charge of corruption and misappropriation of Government money, police sources said.

Mr. Satter went into hiding since the Bureau of Anti-corruption filed the case with Motijheel Police Station on April 14, sources added.

According to allegations registered in the case, Mr. Satter had allegedly misappropriated the property including cash amount worth about Taka 4 crore by misuse of power and in connivance with Begum Rausan Ershad, wife of the former President Ershad. The arrested person was produced before the Court of Chief Metropolitan Magistrate and was sent to the Dhaka Central Jail later.

#### **Release of Former Prime Minister Ordered**

91AS1255A Dhaka THE BANGLADESH OBSERVER  
in English 3 Jul 91 p 1

[Text] The detention of former Prime Minister Mr. Mizanur Rahman Chowdhury on Tuesday declared void by a Division Bench of the High Court, reports BSS.

The court, comprising Mr. Justice M. Abdul Jalil and Mr. Justice M. Badruzzaman, ruled that the detention had been without any lawful authority and the Government is directed to set free the detenu immediately if he is not connected with any other case.

The verdict of the court came on a writ petition moved by Mr. Moudud Ahmed on behalf of detenu.

Mrs. Majeda Islam, daughter of Mizanur Rahman Chowdhury, filed the writ petition challenging the detention of Mizanur Rahman Chowdhury.

Mr. Mizanur Rahman Chowdhury was arrested on 21 April from his Gulshan residence and under the Special Powers Act 1974, and is under treatment in the P.G. Hospital under custody.

#### **Jamaat Chief Attacked by Dhaka Students**

91AS1147A Dhaka THE NEW NATION in English  
28 May 91 pp 1, 8

[Text] The Jamaat-e-Islami Secretary General Maulana Matiur Rahman Nizami, MP [Member of Parliament], was injured yesterday on the Dhaka University campus in an attack by a group of students who stormed the Vice-Chancellor's chamber where the Vice-Chancellor and the Syndicate members were scheduled to meet leaders of different political parties to devise ways and means of restoring peace on the campus.



Meanwhile Nizami, who received injuries on face and head was, however, escorted later by police to Dhaka Medical College Hospital for treatment.

The students allegedly belonging to Jatiya Chhatra League (JCL) marched up to VC's office and raised a hue and cry to protest inclusion of Maulana Nizami in the meeting. They wanted to know why the political force, which opposed the liberation of Bangladesh, should be included in the meeting.

Chanting slogans "why Jamaat-Shibir are on the campus? Vice-Chancellor, give reply" etc. they came right up to the door of the Vice-Chancellor's office. The Vice-Chancellor Prof Maniruzzaman Miah, Pro-Vice-Chancellor and some of their colleagues tried with certain amount of success to prevail upon the excited students to go back.

After some time the same group of students, reinforced by other groups allegedly Chhatra League (S-A), Chhatra League (N-S) and Students Union returned, broke open the door of the Vice-Chancellor office and singled out Maulana Nizami for the attack.

Despite repeated requests of the Vice-Chancellor and political leaders like Mohiuddin Ahmed of BAKSAL [Bangladesh Awami Krishak Sramik League], Shajahan Siraj of JSD [Jatiya Samajatantrik Dal (Nationalist Socialist Party)], Rashed Khan Menon of Workers Party, Abdul Jalil and Motia Chowdhury of Awami League, Mujahidul Islam Selim of Bangladesh Communist Party, Syed Altaf Hossain of Ganotantri Party, Mahmudur Rahman Manna of Janata Mukti Party, Maj Gen (rtd) C.R. Dutta and others, some agitated students assaulted Maulana Nizami and hit him on the head with a chair. Nizami fell flat on the floor and kept bleeding from the head.

The Vice-Chancellor and the political leaders, who tried to dissuade the attackers from resorting to violence, were also subjected to abuses and indignities.

The attackers ransacked the Vice-Chancellor's office, damaged furniture, window panes, telephone sets, fixtures. A number of teachers including Pro-Vice Chancellor Dr Wakil Ahmed and Proctor Prof Kamrul Ahsan were also injured.

One of the striking features of this painful episode was that the members of the law enforcing agencies who were on duty in and around the campus remained silent spectators. They, however, escorted Nizami to the hospital.

Meanwhile, the press release issued after the emergency meeting of Dhaka University Syndicate, called upon the student organizations to exercise utmost restraint and help prevent deterioration in the law and order situation and condemned the "act of violence and undiscipline".

The university Syndicate also urged the police force to be more active so as to stop further deterioration in the law and order situation on the campus.

The Syndicate hoped all including political parties, student organizations and guardians would help combat such crises facing the university.

The syndicate, which condemned the lawlessness and violence inside the VC's office, formed a five-member committee to undertake a thorough investigation into the incident.

Some of the members of the Syndicate present in the meeting opined the police personnel on duty right inside the VC's office could have easily saved Maulana Nizami from the assault, if they wanted.

Different student organizations, soon after the incident, came out in processions and staged rallies to protest the inclusion of Jamaat-Shibir in any meeting of the university.

The Jatiyatabadi Chhatra Dal (JCD), which was conspicuous by its absence from the protest rallies and processions, however, staged a separate rally in the afternoon to denounce what it called pre-planned violence let loose by pro-Awami League student organizations.

In a Press statement issued by DUCSU [Dhaka University Central Student Union] President and General Secretary Amanullah Aman and Khairul Kabir Khokon appealed to students, teachers, officers of the university and guardians to fight the forces of violence which were responsible for yesterday's unfortunate incidents on the campus. They expressed hope that the university authorities would take drastic action against the culprits.

The central committee of JCD also issued a similar statement.

#### Incident Deplored

The Jamaat-e-Islami acting Ameer Mr Abbas Ali Khan in a statement yesterday strongly condemned the attack on Maulana Matiur Rahman Nizami and demanded of the government to take stern action against the culprits.

The Jamaat leader also criticized the role of Dhaka University Vice-Chancellor during the attack saying that the authorities concerned did not pay due attention to ensuring safety and security of the political leaders who called on him at his office yesterday. The acting Ameer also observed that the armed hooligans had created a reign of terror on the university campus freely although police personnel had been deployed there. He said that the attack was the reminder of fascism demonstrated by Awami League while it was in power. Demanding exemplary punishment to those involved in the incident the Jamaat leader urged the nationalist and democratic forces to get united in order to resist terrorism. He called upon the Government to take necessary steps for freeing the campus from armed mastans backed by so-called progressive forces.

Meanwhile, the Speaker of Jatiya Sangsad Mr Abdur Rahman Biswas, former Justice Abdur Rahman Chowdhury, Dr Kamrul Ahsan, Barrister Korban Ali, Maulana Delwar Hossain Saidee, Prof Muhammed Yusuf Ali, Badre

Alam, Prof Abdul Khalek and Maulana Mohiuddin Khan visited Maulana Matiur Rahman Nizami at Ibne-Sina-Clinic and enquired about his treatment.

### Editorial Deplores Violence on Campus

91AS1143A Dhaka THE NEW NATION in English  
7 Jun 91 p 5

[Text] The Dhaka University [DU] campus has again become the scene of violence and terrorism. Some armed hooligans, most of whom are outsiders are frequently resorting to sabre rattling and gun running. Rival student groups are found flexing their muscles for a possible showdown. It seems that the unity forged among the students in the fight against the autocratic Ershad regime in its final phase is being dissipated. The All Party Students Unity or APSU seems to be split down the middle much to the dismay of the silent majority of students and the people at large.

It looks as if the unity was a transient phenomenon brought into being by the socio-political dynamics of the time. And now the students have fallen apart as soon as the political parties to which they are affiliated have fallen foul of one another after a temporary face of unity and commitment to democratic norms.

The Dhaka University campus situation is at present highly explosive. Anything may happen at anytime flinging the students' commitment to unity and democracy to the four winds. Police contingents have been posted in and around the campus. But they can hardly prove an effective bulwark against campus violence due to their inhibitions within the campus. Mopping up of armed outsiders and recovery of arms have so far proved half abortive due to the limitations of the police within the campus and the ingenuity of student activists which make it largely a game of hide and seek. Raising of a police force by the university itself in line with the practice in some other universities of the world although looking as a wise counsel at the moment may be good as far as it goes. But can it go far enough in our violence ridden campuses as the exorcising agents may themselves be possessed.

The teachers who can play a very effective role in containing terrorism on the campus are themselves betraying partisan interest, as is evident from the stand of the DU Syndicate on the Nizami affairs. The best guarantor of peace and sanity in the campuses of the country in our situation are the political parties. Will the various parties irrespective of their post-election positions sincerely and seriously exert a sobering influence on their student wings for the sake of peace and sanity in the campuses? That is the all-important question at the moment on the answer to which depends the fate of our campuses.

### Report Submitted on Chittagong Campus Troubles

91AS1318A Dhaka THE NEW NATION in English  
10 Jul 91 pp 1, 8

[Text] The inquiry committee on the December 22 incident in Chittagong University has said normalcy in the

campus cannot be restored and recurrence of such incidents prevented "keeping the present Vice Chancellor VC] in office".

"The incumbent Vice Chancellor Prof. Alamgir Mohammad Serajuddin is a controversial figure", the inquiry committee report said agreeing with the opinion expressed by the district administration of Chittagong.

But, it viewed with concern that "if the Vice Chancellor was removed or he voluntarily resigns, the teachers and students who wanted his removal will get an upper hand in the University which is also not desirable".

The report urged the Chancellor of Universities to take initiative in restoring normalcy in the University saying "unless that is done, there will be recurrence of such occurrence that took place on 22-12-90".

The judicial inquiry committee headed by Justice Mahmudul Amin Chowdhury, Judge of the High Court Division of the Supreme Court, submitted its report to the Acting President and Chancellor Justice Chahabuddin Ahmed recently.

The one-man enquiry commission headed by Mr. Justice Mahmudul Amin Chowdhury on Chittagong University incidents occurring on December 22 last year has identified that the evil effect of the University Act, 1973 is the root cause of crisis in the University disrupting normal academic life.

The 304-page probe report released to the press in Dhaka yesterday said the system of appointment of Vice-Chancellor as provided under the act gives rise to groupings amongst the teachers and the students.

Elaborating, the Commission report said the provision of the existing act are such that no Vice Chancellor can remain neutral in the campus and that he has to seek support before his appointment from some groups of teachers and students who ultimately create problem for him and his administration.

The Commission suggested steps for "review" and amendment of the Chittagong University Act, 1973 and appointment of a neutral person as the Vice-Chancellor."

The report was submitted to the Government recently.

The report was prepared on the basis of evidences of teachers, students, doctors, journalists, university employees, public, lawyers and Government officials. The Campus violence left one student killed and a large number of teachers and students including female students injured. In the term of reference, the Commission was asked to find out the circumstances behind the unfortunate incidents of December 22 and afterward.

A senior judge of the Supreme Court, Mr. Chowdhury said the whole problem lay in choosing Vice-Chancellor who is appointed by the Chancellor from a panel of three nominated by the Senate for a four-year term as per the act.

According to the report, teachers and students are always divided over the appointment of VC resulting in frequent campus unrest.

The Commission has also asked to identify the persons responsible for the clashes, terrorism and attempt to murder and suggest effective measures against recurrences of such incidents.

It recommended that the University teachers should not take "any direct or indirect part" in national and student politics to keep the campus free from violence.

The teachers and students are always divided over the appointment of Vice-Chancellor, resulting in frequent campus unrest, according to the report. [as published]

"When any act of terrorism takes place on the campus, the VC and the teachers feel shy to take any action as they utilise their students for pressing home their own demands," said the one-man inquiry commission.

"After the selection, the newly appointed VC can't always remain neutral. It was seen that he always sided with the persons who backed him for his appointment and when he tried to come out of their influence, they rose against him."

Justice Chowdhury said the teachers he had examined stated that "time has come for review and amendment of the Chittagong University Act of 1973".

The Chittagong University campus has long been in the grip of violence amid rivalry between two groups of teachers and students.

On December 22 last, Chhatra Moitry leader Faruq was killed and over 100 teachers and students were injured in a bloody clash between the All-Party Student Unity (APSU) and the Islami Chhatra Shibir supporters.

The inquiry report observed that the country's news media flashed the occurrence on the campus in a partisan way.

A student leader of Chhatra Moitry was killed and over one hundred teachers and students were injured in a clash between the All Party Students Unity (APSU) and Islami Chhatra Shibir on the day's occurrence.

"Media intended that the culprits behind the occurrence is Islami Chhatra Shibir who assaulted certain teachers and the students but they have not given the other side of the picture", he observed.

Chowdhury said it would be unfair to blame only the students for the said occurrence and added, "I am firm in my belief that it is the grouping amongst the teachers which is mainly responsible for the occurrence".

He advised the university administration to remain neutral and to take appropriate action against any act of indiscipline either by a student or by a teacher.

"The university should have a code of conduct for the teachers as they should not take any direct or indirect part in national politics or in the politics of the students", the report stated.

The report said, "in the present occurrence, the facts and circumstances indicate that the Executive Committee of the Teachers' Association sought the support of the teachers and other employees in their movement against the Vice-Chancellor for his alleged act of corruption, nepotism, favouritism, regionalism, collaboration with the Ershad regime, etc."

The Commission recommended faculty-wise residential halls and allotment of seats strictly on the basis of merit. It suggested strict avoidance of regional quota and political considerations in the allotment of seats.

The Commission said, the system of "doubling" with allotted seat-holders should strictly be avoided and only the regular students should be allowed to stay in the residential halls.

The Commission, in its report, said the union activities should be confined among the regular students of the University and the irregular students should not be allowed to participate in the hall or in the CUCSU [Chittagong University Central Students Union?] elections.

The Commission said, the University administration should always remain neutral and should take timely and appropriate disciplinary action against any act of indiscipline either by students or by teachers. "If the University administration is able to shun their partisan approach there cannot be any such occurrences that took place on December 22", it added.

The report also mentioned that the news media more particularly those of Chittagong had flashed the occurrence of December 22 in a partisan way. "From their report they indicated that the culprit behind the occurrence was Islami Chhatra Shibir who assaulted certain teachers and the students but they had not given the other side of the picture.

Holding the grouping of the teachers responsible "solely" and "wholly" for the occurrence, the Commission viewed that it was the teachers who from behind the scene pulled the strings which resulted in the incident.

### Parties Confer on University Problems

91AS1326ADhaka THE BANGLADESH OBSERVER  
in English 13 Jul 91 pp 1, 10

[Text] The grand conference of political parties on Friday night reached a consensus to make united efforts to keep campuses violence free and restore proper academic atmosphere in the country's educational institutions, reports BSS.

A declaration of the meeting read out by BNP [Bangladesh Nationalist Party] Secretary General and LGRD [Local Government and Rural Development] and Cooperative Minister Abdus Salam Talukdar said the political parties had identified areas of problem and would sit once again to thrash out those at the earliest.



Mr. Talukdar said the leaders of political parties made a clarion call to their respective student organisations to maintain peace and discipline during the forthcoming DUCSU [Dhaka University Central Students Union] election on July 31.

Industries Minister Shamsul Islam Khan, State Minister for Social Welfare and Women Affairs Tariqul Islam, General Secretary of Awami League, Begum Sajeda Chowdhury, MP [member of Parliament], Mr. Tofael Ahmed, MP, Mr. Hasanul Huq Inu of JSD [Jatiya Samajtantrik Dal] and Rashed Khan Menon, MP, were present when the declaration was read out.

A total of 28 leaders took part in the discussion which lasted for about six hours. They congratulated Begum Khaleda Zia for holding such conference to arrive at a solution to end the campus violence.

Mr. Abdus Salam Talukdar, said the meeting identified five major issues during the meeting which were campus violence, leakage of question papers, session jam, adopting of unfair means at examination halls and unemployment problem.

He said the leaders discussed at length various aspects of the problems and decided to hold another meeting at the earliest to solve the problems.

Begum Sajeda Chowdhury, MP, and Mr. Tofael Ahmed, MP, of Awami League, Mr. Matiur Rahman Nizami, MP, of Jamaat-e-Islami, Mr. Mohiuddin Ahmed, MP of BKSAL [expansion not given], Mr. Rashed Khan Menon, MP, of Workers Party, Mr. Shahjahan Siraj, MP, of JSD (S), Mr. Saifuddin Ahmed Manik of CPB [Communist Party of Bangladesh], Mr. Obaidur Rahman of Janadal, Mr. Abdul Matin of Muslim League, Mr. Nirmal Sen of Sramik Krishak Samajbadi Dal, Mr. Dilip Barua of Samyabadi Dal, Mr. A.S.M. Solaiman of Krishak Sramik Party, Mr. A.F.M. Mahbulul Haque of BSD [Bangladesher Samajtantrik Dal], Mr. Khalequzzaman Bhuiyan of BSD, Mr. Hasanul Huq Inu of JSD, Mr. Shawkat Hossain Nilu of BNP, Mr. Shafiul Alam Prodhan of JAGPA [Jatiya Gonotantrik Party], Mr. Manindra Nath Sarkar of Hindu Oikya Front, Mr. Moinuddin Khan Badal of BSD, Mirza Sultan Raza of JSD and Maulana Obaidullah Bin Jalalabadi of Biplabi Islamic Okiya Parishad, among others, took part in the discussion.

Education Minister Prof. Badruddoza Chowdhury, Irrigation, Flood Control and Water Resources Minister Majidul Huq, Communications Minister Oli Ahmed, Industries Minister Shamsul Islam Khan, Shipping Minister M.K. Anwar, Health and Family Welfare Minister Chowdhury Kamal Ibne Yusuf, State Minister for T and T Shamsul Islam, Social Welfare and Women Affairs Minister Tariqul Islam, State Minister for Education Principal Yunus Khan, State Minister for Youth and Sports Sadek Hossain Khoka, Mayor of Dhaka City Corporation Mirza Abbas, Abul Bashir of Workers Party, Shamsuzzoha, MP, of CPB were among others present on the occasion.

Prime Minister Begum Khaleda Zia convened the conference in an effort to reach a consensus in taking steps to keep academic atmosphere congenial.

About 40 political parties attended Friday's grand conference, held at the International Conference Centre (ICC).

### Student Leaders Discuss University Problems

#### Dhaka Forum Leader

91AS1330A Dhaka *THE NEW NATION* in English  
15 Jul 91 pp 1, 8

[Article by Mahmood Alam: "JCD, BCL Locked in Campus Tussle"]

[Text] Mushrefa Mishu, who is well-known to the student community for her outstanding contributions and role in the last mass upsurge of 1990, said the country's highest seat of learning Dhaka University [DU] has become the ideal ground of vandalism recently.

The Convener of Student Unity Forum Miss Mishu in an exclusive interview with the *NEW NATION* yesterday at the Madhu's Canteen of Dhaka University on the much-talked about issues like campus turmoil, forthcoming DUCSU [Dhaka University Central Students Union] election, session jam, government role in eliminating terrorism, police inaction and other pressing problems said, three major student bodies - BCL [Bangladesh Chhatra League](N-S), JCD [Jatiyatabadi Chhatra Dal] and BCL (S-A) are responsible for the campus violence in the country.

She alleged that in the past Islamic Chhatra Shibir was responsible for the vicious academic atmosphere in the Chittagong University, and still they were creating chaos. She further said Chhatra Moitry and Jatiyatabadi Chhatra Dal were Ganotrantic Chhatra Front, JCD and BCL (S-A) were the troublemakers in Jahangirnagar University.

Regarding the on-going clashes in different colleges in the country she alleged that only pro-Awami League BCL and BNP [Bangladesh Nationalist Party]-backed JCD were in the tug of campus tussle.

Replying to a question, the lone frontline woman student leader Mishu stated that we have been nursing ill-concepts about our education and educational institutions since long past.

She further said our concepts about education and educational institutions were not sound enough. Our student politics were guided and handled by the parent political parties which always strive to achieve their sordid design. The students, naturally have to gear up their activities for the national cause, but they try little to build their academic career, she added.

Miss Mishu referring to the recent student movements in Korea, Burma and Nepal said that there the students were not guided by any politicians or political parties. They independently launched movements for the cause of democracy and education, she said.



With an experience of student politics for about a decade Mushrefa Mishu noted with concern that all our political parties supplied firearms to our promising youths and students for their political gains. This system of supplying weapons must be stopped for good, otherwise the campus killings and violence would not be eliminated from the educational institutions of the country, she strongly asserted.

Referring to her extensive tour in many countries of the globe including United Kingdom, USSR, Germany, Netherlands, Belgium, she said the student unions there belonging to separate ideology and platform went on with their struggle for only academic programmes. But in Bangladesh the Government always wants to control the university and the student activities by any means. Here national consensus in the arena of education is totally absent, she alleged.

When her attention was drawn to the ensuing DUCSU polls she said, its elections must be held for continuation of exercising democracy on DU from where all the historical democratic movements were launched against the autocratic rulers in the past.

She however alleged that Avhi circle, the accused killers of Dr. Milton are now on the campus. They have re-entered their previous harbour Mohsin Hall and Jagannath Hall having been equipped with fire arms. Though the Government announced a reward of twenty thousand Taka for the person who would help arrest him or give his whereabouts, the law enforcing agencies are now showing inaction in this regard, she added.

Criticizing the present role of Begum Zia she alleged that the commitments given by her to the student community prior to the February 27 parliamentary elections were not yet materialised. Even the 10-point demand of the students were not yet considered by the democratic government she alleged.

Referring to the extension of age-limit for government service from 27 to 30 Mishu said, we gained nothing from this decision as 1,45,000 government posts have been lying vacant since long. The Government has kept the recruitment closed sine die and, as a result, unemployment has been gradually taking a very serious shape, she added.

Replying another question she said though congenial academic atmosphere was not yet restored on the campus, the preparations of all student organisations for the participation in DUCSU polls have been going on in full swing. Preparation of panel is a tough task for every student organisation. However, lobbying is going on at different levels for either one or two united panels to face Jatiyatabadi Chhatra Dal, she said.

Meanwhile, in a number of meetings most of the student stalwarts expressed their opinions in favour of a panel of the left unity without BCL (S-A), she added.

### Students Union Officer

91AS1330B Dhaka *THE NEW NATION* in English  
11 Jul 91 pp 1, 8

[Article by Mahmood Alam: "Give Democracy Scope To Fully Bloom"]

[Text] DUCSU [Dhaka University Central Students Union] AGS [Additional General Secretary] Nazimuddin Alam in an exclusive interview with the *NEW NATION* yesterday at DUCSU Bhavan expressed his opinion on DUCSU election, campus violence and other knotty problems Dhaka University [DU] is beset with. It was unfortunate that this year the DUCSU polls and hall union elections could not be held on time, he commented.

Now is the time for democracy to function unhindered and it should be given full scope to flourish as we had to shed our blood for it, DUCSU AGS Nazimuddin Alam said.

Hailing from Bhola in the greater Barisal district Mr. Nazimuddin Alam, who played a vital role during the mass upsurge of 1990, is on the top of the list of the probable candidates for DUCSU VP [vice president] from Jatiyatabadi Chhatra Dal (JCD). However, if he is not considered for the post of VP by the JCD panel-making committee, he must be offered to contest the post of General Secretary of the DUCSU, a competently source close to the high command of the student organisation disclosed.

He said Dhaka University Central Students Union (DUCSU) is the body which was always in the frontline of all national movements launched against the autocratic rulers during the 50s, 60s and the last mass upsurge of 1991. DUCSU always upheld the cause of democracy, he maintained.

He alleged that Bangladesh Chhatra League (BCL)(S-A) equipped with arms and giving shelters to the killers of Dr. Milton is now indulging in hooliganism on the campuses including Dhaka University.

He further alleged that BCL (S-A) was solely responsible for the recent campus violence in which a number of promising students were gunned down by the BCL armed activists. In this regard DUCSU AGS Nazimuddin Alam blamed BCL vandals for killing JCD worker Munir on Jagannath University College campus and another student leader Mahbub on Dhaka University campus recently.

Replying a question he firmly said unless the killers of Dr. Milton who were given shelter by BCL (S-A) were arrested and punished, situation on the campus would not improve.

He further said the Dhaka University authorities, different hall authorities and the law-enforcing agencies took cautionary security measures before the reopening of the university on July 5 last, so that none of the terror groups or outsiders could enter into the halls. But he alleged that many armed activists of BCL (S-A) entered into several halls and dormitories including Sgt. Zahurul Haq Hall despite such steps and they have been staying there.

As to the solution of problem of the campus unrest Nazimuddin Alam demanded of the Government to

immediately arrest the killers of Dr. Milon and other armed groups who are now frequently moving on the DU campus.

Dwelling on the role of Prime Minister Begum Khaleda Zia he said, Begum Zia soon after coming in power had been actively considering to devise a way for uprooting terrorism for ever from all academic institutions especially from the highest seat of learning. Meanwhile, she held fruitful talks and exchanged views with the concerned quarters with a view to saving the nation from such menacing problem.

Alam also called upon the conscious section of the people, teachers, guardians, students irrespective of party affiliation, the Opposition in Parliament and, above all, the Government to come forward to play their due role to eliminate the menace of terrorism from the country.

When he was asked to comment on the on-going students union elections of various colleges and varsities, he noted with satisfaction that so far polls in 21 colleges and one varsity were held and JCD won in 17 colleges and also that varsity election.

He further said Jatiyatabadi Chhatra Dal had been enjoying massive support among the country's student community and if, DUCSU polls are held peacefully this year, JCD will, no doubt, win as a wave of mass-support is blowing in favour of his organisation on DU campus.

Replying another question why the law-enforcing personnel did not arrest the terrorists from the campus, Alam criticising the role of the members of the law-enforcing agencies said they were not sincere and active to nab the trouble makers from the campus. He further alleged that police were found inactive when violence and clash among different rival student groups erupted.

Regarding sessions jam he said, it was not created in a day, but it was the result of inadequate initiatives of the relevant authorities. Besides, unscheduled closure of the university, delay in examining the answer scripts, frequent shifting of examination dates and also delay in publishing results of various examinations etc. are the major causes of sessions jam, he added.

Replying a question relating to present relation between JCD and BCL (S-A), DUCSU AGS confessed that their relations deteriorated when the APSU [All Party Students Unity] was dissolved and killers of Dr. Milon were given shelter by BCL. However, personal relations among the top leaders of both the groups are still being maintained, he added.

#### JSD Official

91AS1330C Dhaka THE NEW NATION in English  
16 Jul 91 pp 1, 8

[Article by Mahmood Alam: "Joint Efforts Must for Campus Peace"]

[Text] Campus turmoil will continue as long as the student organisations carry on an aggressive attitudes to each

other, JSD [Jatiyo Samajtantrik Dal] (Inu) student wing President Nazmul Haque Prodhan said.

In an exclusive interview with the NEW NATION yesterday at Madhur Canteen Mr. Nazmul Haque Prodhan who is widely known for his great role during the mass upsurge '90 when he was also arrested and detained, said without student politics campus terrorism has no separate existence. All the student bodies including his one have a group of troublemakers who were used to let loose hell on the campuses with a view to establishing their domination, he added.

These troublemakers are always engaging themselves in activities aimed to create anarchy in their respective institutions. But this is not the teaching of democracy for which our valiant sons sacrificed their lives.

He further said the main teaching of democracy is to respect each other's views and opinions regarding the common issues of the general masses and the nation. But in reality it was never practised in the field of student politics or in our national politics, he added.

Elaborating he further stated that crores of people of the country participated actively in the last mass upsurge for the cause of democratization of the country but democracy is still absent in our practical life. He alleged that though we now have a sovereign Parliament the opinions of the minor groups who are also the elected representatives, of the people are not heard properly.

Mr. Nazmul Haque Prodhan who had been thrown in to jail several times during Zia and Ershad regimes and tortured mercilessly by the police for his involvement in anti-martial law movement, said the fruit of democracy be enjoyed by us only when there would be a reflection of the opinions of the common people in the national life.

"What we expected from this Government which came in power though a free and fair election after the popular mass upsurge, is not yet achieved" he added.

Referring to their 10-point demands he said this has not yet been considered by the Government. The demand includes recruitment from among the lacs of unemployed youths against the 1,45,000 vacant posts in Government, increase in budgetary allocation for education and curtailment of the same for the defence sector and end to discrimination in the field of education between kindergarten-cadet and common type of education, he added.

He further said that his student organisation BCL [Bangladesh Chhatra League] (N-S) along with other student bodies would soon adopt action programme against the present government demanding materialisation of their demands.

Replying to a question Mr. Nazmul Haque Prodhan said as soon as the APSU [All Party Students Unity] was dissolved over some minor issues and some workers of his organisation were allegedly beaten at Jagannath Hall and SM Hall by the armed activists of BCL (S-A), the normal campus situation took a violent shape and finally a student leader

of his party, Mahbub, was gunned down in a fierce gunbattle on DU [Dhaka University] campus recently.

In this regard he further stated that for avoiding further clashes and restoration of congenial academic atmosphere on the campus his party gave up the attitude of retaliation followed the path of peace. However, violent armed clashes between Jatiyatabadi Chhatra Dal (JCD) and Awami League backed Bangladesh Chhatra League (S-A) have become a common feature at different colleges and varsities of the country recently, he noted with anguish.

Hailing from Jagdal of Panchagarh district Mr. Prodhan who contested in the Feb. 27 last Parliament election from his own constituency, said that many students and others belonging to mainly BCL (S-A), BCL (N-S), and JCD were the victims of campus killing.

Referring to the role of DU's administration he said that the University authorities should resort to frequent academic punishment against the elements responsible for hooliganism and other anti-disciplinary activities on the campus. If the DU authority in begin to award punishment

to the troublemakers among students, then the extent of terrorism will automatically be lessened, he firmly added.

Asked how we could eliminate campus terrorism Mr. Prodhan with his long twenty years experience in student politics said that for uprooting the vandalism from the Campus for ever, we the student bodies, must change the present undemocratic attitude to each other's organisation as well as the Government, the Campus authorities, the members of the law-enforcing agencies and all the student bodies should come forward with united efforts and mutual cooperation to make the Campus free from hooliganism.

Replying to another question he said his party which won twice in DUCSU [Dhaka University Central Students Union] polls, has been enjoying massive support of general students and in the forthcoming DUCSU election he is hopeful of doing better than other major organisations.

Regarding the formation of alliance with the left organisations he ruled out its possibility. However, he stated that they have already received offer from other student bodies for contesting DUCSU and other hall union polls unitedly.

### Results of Survey on Manufacturing

91AS1146A Dhaka THE BANGLADESH OBSERVER  
in English 3 Jun 91 pp 1, 8

[Text] A nation-wide survey of the country's manufacturing sector has revealed that the actual performance of this sector has been better than what has been estimated so far. The national survey was initiated by the Ministry of Industries, which requested the country's leading Chamber, Metropolitan Chamber of Commerce and Industry [MCCI], Dhaka to sponsor the survey. The Chamber entrusted the task to a team of leading economists and statisticians who worked relentlessly for more than one year to prepare a comprehensive report.

The survey reveals that the actual performance of the manufacturing sector was so far given a lower coverage. For example, the share of the manufacturing sector in GDP [gross domestic product] has been found to be 16 percent which is nearly 100 percent higher; the private sector accounts for more than 85 percent of manufacturing value added; the growth in private manufacturing sector averaged 7.75 percent annually; the employment estimate is about 55 percent higher and private sector share in total manufacturing employment is 94 percent. The survey is expected to prove itself to be a milestone in the country's journey toward improving and updating statistical data relating to the manufacturing sector both in private and public sectors.

The survey work was limited to private manufacturing establishments having 10 and more employees. The public sector was also covered. Data were collected from sample manufacturing units of the private sector through prescribed questionnaires. Data were also collected from the public sector corporations and enterprises by using the same set of questionnaires.

The most remarkable finding of the survey was the estimation of manufacturing sector's contribution to GDP. It may be mentioned that the manufacturing sector's GDP estimate in the national economy suffers from serious underestimation. The study shows that on an average share of the manufacturing sector in total GDP was about 16 percent, of which 14 percent was contributed by the private sector and the rest 2 percent by the public sector. The survey estimate of manufacturing sector's share to GDP is about double than the estimate of Bangladesh Bureau of Statistics (BBS).

In total manufacturing value added, the share of private sector was 85 percent, the Survey report said. The MCCI survey for the first time could estimate the share of private sector in total manufacturing value added of the country. The growth rate in the private manufacturing sector averaged 7.75 percent while in public sector growth rate averaged 7.6 percent per annum over the last 4 years. The overall manufacturing growth averaged 7.97 percent per annum. In contrast, according to the Planning Commission estimate, the overall growth in manufacturing sector averaged only 4.79 percent per annum in the last 4 years.

With regard to employment in the manufacturing sector, the difference between the Planning Commission and MCCI survey estimates was striking. The survey shows that manufacturing sector employs 4.8 million persons of which 0.3 million (6 percent) are employed in public sector and 4.5 million (94 percent) are employed in the private sector. It may be mentioned that the Planning Commission estimate of total employment in manufacturing sector at the end of the third Five-Year Plan was 3.09 million. This shows employment in the manufacturing sector is about 55 percent higher than the estimate of Planning Commission.

The survey also found out major problems faced by the manufacturing establishments. Private manufacturing enterprises ranked the major problems as follows: non-availability of raw materials, non-availability of capital/working capital, high price of raw materials, and inadequate supply of skilled workers. The public sector enterprises reported five major problems which in order of importance was as follows: non-availability of capital/working capital, non-availability of raw materials, problems relating to marketing of products, frequent power failures and labor unrest. With regard to future prospects, about 25 percent of private sector enterprises felt that their prospects were either bright or good while slightly more than 50 percent felt their prospects to be "somewhat" and the rest saw the future as "bad" or "very bad". In the public sector, as high as 48 percent of the establishments thought their future prospects were either bright or good.

### Minister Announces Investment Incentive Measures

91AS1152A Dhaka THE BANGLADESH OBSERVER  
in English 12 Jun 91 pp 1, 8

[Text] The government has decided further deregulation of the economy and to introduce a package of incentives to encourage investment, induce more remittances through to official channels and plugging illegal transfer of money, reports BSS.

The incentives which come into effect from first July include investment in shares by non-residents, maintenance of foreign currency accounts by both resident and non-resident Bangladeshis, enhancing the amount of import of foreign currency without declaration and increase in foreign exchange in the travel quota.

Finance and Planning Minister said the measures have been chalked out from a broad outlook of market economy and to involve greater number of investors including non-resident Bangladeshis and foreigners in a profitable manner for the economic development of the country.

Briefing newsmen at his office in Sher-e-Bangla Nagar, Mr Saifur Rahman said the economy will be decontrolled as minimum as possible to relieve the possible investors of harassment and difficulties aimed at boosting badly needed investment. Our economy must match with the global wind of liberalization to attract investors both local and foreigners, he emphasized. The Minister earlier held a high level meeting attended by top officials of Finance Ministry and financial institutions.



Mr Rahman said economic activities have been expanded and diversified substantially over the years, but some major changes in the regulatory system became imperative to fit in with the changed economic environment to further promote, facilitate and consolidate the growth process.

The Minister said following a review of the prevailing exchange control policies, it has been identified that access to foreign exchange needed further liberalization. This decontrol, the Minister pointed out, was to facilitate quick and easy access to foreign exchange for productive economic pursuits, meet essential needs and also for attracting greater amount of foreign investment.

He said neighboring countries have already responded to the process of global liberalization and Bangladesh cannot afford to lag behind.

The Finance Minister, said, along with going ahead with liberalization process, the government will gear up and expedite the recovery of overdue bank loans from defaulters. He mentioned that two more loan courts were being set up in the capital bringing their number to four to accelerate the settlement of defalcation cases.

In this connection, Mr Rahman pointed out the formation of a high-power committee headed by the State Minister for Finance to evaluate the steps taken for the recovery of loans and progress thereof.

While underlining the importance of quick recovery of loans long overdue, the Finance Minister said, unless the outstanding loans were recovered, a new line of credit would not be available and that there would be no investment in the industrial sector. He reiterated that the government was determined to take all legal actions against the defaulters without any exception, especially against the wilful defaulters.

Detailing the liberalization measures, the Finance Minister said from the next financial year, non-residents including Bangladeshis would be allowed to invest in shares through the stock exchange without the permission of the Central (Bangladesh) Bank and that the sale proceeds of such shares would be repatriable in free foreign exchange. He said, to simplify the process of share issue, permission issued by Controller of Capital Issue will be sufficient. Further, he noted that the transfer of share from one non-resident to another non-resident would not also require any approval of Bangladesh Bank.

Mr Rahman said, with clearance from the Board of Investment (BOI) industrial units in Bangladesh will be allowed to borrow from abroad at interest rates up to 2 percent above Libor (London Inter-Bank Offered Rate) within the overall limit set by the Ministry of Finance. This measure would facilitate to procure financing from outside the country, he added.

The Finance Minister said the new measure offers incoming non-resident passengers to bring in foreign exchange equivalent to 2,500 U.S. dollars against existing allowable limit of 1,000 U.S. dollars. In the case of resident Bangladeshis, the limit is equivalent to 1,000 U.S. dollars.

### Foreign Currency Accounts

Referring to the maintenance of foreign currency accounts by resident Bangladeshis, the Minister said, citizens will be allowed to open foreign currency accounts by amounts (excluding earnings from export from the country) brought with them. The amount could be freely transferable abroad by the account holder or can be utilized for meeting his/her future travel needs. As for the deposits for earnings from exports, there will be interest only when those are made in term of deposits at the rate to be announced by Bangladesh Bank from time to time, he added.

The Minister said the present limit of foreign exchange for private travel to countries other than SAARC [South Asian Association for Regional Cooperation] and Myanmar will be raised from 1,200 U.S. dollars to 1,500 dollars. For SAARC and Myanmar, the limit has been raised by 100 dollars to 400 U.S. dollars, he said adding that the initial release will be up to 1,000 dollars for travel to non-SAARC countries.

Mr Rahman said prior permission of Bangladesh Bank for opening import L/C (Letter of Credit) on Fob (right on Board) [as published] basis will no longer be needed and that remittances of profit by foreign companies (other than banks, financial institutions and insurance companies) will be allowed, by their bankers without prior approval of the Bangladesh Bank.

The Finance Minister said Bangladeshi wage earners who maintain non-resident foreign currency accounts and education foreign currency accounts would now be allowed to retain this account initially for a period of five years from their date of return to Bangladesh against existing period of one year. This period could be extended from time to time by applying to the Bangladesh Bank, he added. Similarly, he said Bangladeshis who work and earn abroad but do not maintain any non-resident foreign exchange account will also be allowed to open non-resident foreign exchange accounts education foreign exchange accounts within six months from the date of their return to Bangladesh.

### Customers To Be Classified Into Three Categories

The Finance Minister said, to facilitate borrowing and bring the lending procedures at par with international standards, the banks from now on will classify their customers clients into three categories on the basis of their credit-worthiness. Interest on loans will be fixed on their performances—better the repayment, lower the interest. The interest rates will fluctuate between nine and 16 percent and the individual banks to determine what rate will be charged to a particular borrower, he added.

Replying to a question, the Finance Minister said, significant responses have been received from defaulters to settle their borrowings. He informed that the committee would examine the extent of defalcation case by case, and would extend necessary relaxation to those who had genuine difficulties. The Minister however reiterated that wilful defaulters would be severely dealt with.

To another question, the Finance Minister said, a special audit is being planned against defalcation. He said if bank officials were found involved in malpractices, they would be sued under criminal charges. Under the new Banking Act of 1991, bank officials could be imprisoned up to three years if found in corrupt practices.

State Minister for Finance Mr Mujibur Rahman, Principal Finance Secretary Mr Khurshid Alam and Governor of Bangladesh Bank Mr S. B. Chowdhury were present at the Press conference.

### EC Plans for Assistance Examined

91AS1104A Dhaka THE BANGLADESH OBSERVER  
in English 8 Jun 91 pp 1, 8

[Text] Brussels, 7 June—The European Community's assistance to Bangladesh will be concentrated and strengthened in priority areas, determined by the democratically elected new government, reports BSS.

This was stated by the representative of the European Community at a seminar organised by the European Institute for South and South East Asian Studies on "prospect for cooperation between the European Community and Bangladesh" here yesterday.

The EC representative said its development cooperation policy favours channelling of more development inputs to the democratic countries. He said the EC has taken initiative to strengthen assistance to cyclone protection and flood control projects in Bangladesh. EC's development assistance to Bangladesh has been significantly growing over the last few years, he added.

In a message to the seminar Prime Minister Begum Khaleda Zia assured the seminar that the new democratic government is strongly committed to uphold democratic pluralism and carry it forward from strength to strength.

Begum Zia called for support from development partners in bringing about economic progress. She lauded the tremendous support given by EEC in providing relief and succour to the cyclone victims of Bangladesh.

The Prime Minister said the success of the government to meet the challenge of economic development would be the success of democracy at work.

She expressed the hope that her government would receive EEC's enthusiastic cooperation and sincere support in this endeavour.

Prime Minister Begum Khaleda Zia congratulated the organisers of the seminar for choosing a theme which is very significant for Bangladesh now.

She said the people of Bangladesh have created history by relentless struggle for establishing democracy in Bangladesh.

Referring to the last parliamentary election in Bangladesh, she said it was hailed all over the world as a model of fair election.

The seminar was attended by representatives of the European Parliament, European Commission, embassies of South and South Asian countries, business community and trade organisations.

Speaking at the seminar Mr. Tomlinson MP [Member of Parliament] who visited Bangladesh as an election observer from European Parliament said the election in Bangladesh was impartial and fair by any standard. He praised the role of the Election Commission, the student community and the people of Bangladesh for holding the election in a most fair and impartial manner. He expressed great optimism that democracy in Bangladesh will grow from strength to strength.

Mr. Tomlinson called upon the European community to strengthen their assistance and support to the democratic government in their efforts for rapid economic progress.

Participating in the seminar, Prof. Schandel of Ensmas University touched the problems of social and economic development in Bangladesh and emphasised the importance of democratic pluralism for solution of inherent social and economic problems of a country like Bangladesh.

Bangladesh Ambassador in Belgium A.K. M. Kamaluddin Choudhury in his speech on political and economic situation in Bangladesh explained the restoration of democracy in the country and the pragmatic foreign policy of the present government.

On the economic front, the ambassador mentioned that democratically elected government has already declared its objectives to alleviate rural poverty, achieve self-sufficiency in food and pursue pragmatic policies for industrial and infrastructural development.

He briefly highlighted the government economic policy of privatisation, deregulation and undertaking necessary structural adjustments in macroeconomic variables. He also referred to the satisfaction expressed by the international donor community with the economic measures taken by the new government and the support given by them to the democratic government in Bangladesh.

Mr. Kamaluddin outlined briefly the objectives and strategies of the fourth Five-Year Plan and the need for additional resource for its implementation. The donor countries were also particularly urged to come forward to help Bangladesh in its post-cyclone rehabilitation and reconstruction efforts.

### Results of Economic Survey Reported

#### Gross Domestic Product Rate

91AS1110A Dhaka THE BANGLADESH OBSERVER  
in English 13 Jun 91 pp 1, 10

[Text] The economic growth rate for the fiscal 1990-91 was thought estimated at 4.20 percent, will actually stand at 3.60 percent by the end of the year. The decline in the growth rate was caused due to loss of human lives, livestock, fish resources, crops, mills and factories, water

resources, power, houses and other establishments by the recent devastating cyclone in the southern parts of the country. The growth rate (Gross Domestic Product) in the previous year was 5.84 percent, according to Economic Survey of Bangladesh released on Wednesday.

The total food production, the survey said, in the country would stand at 192.30 lakh tons by the end of the current fiscal year as against 187.47 lakh tons last year (1989-90) showing production growth of food at 2.58 percent over the last year. The growth rate in the agricultural sector is likely to come down to 2.43 percent from the target of 4.0 percent during the current fiscal year (1990-91). The agricultural growth rate last year (1989-90) was 5.6 percent. The devastating cyclone in the southern parts of the country caused the fall in the agricultural growth rate, the survey said.

In the industries sector, the growth rate thought was estimated at 7.86 percent for the fiscal year 1990-91, has come down to 7.1 percent (the period under review was July to March).

### Cost-of-Living Index

91AS1110B Dhaka THE BANGLADESH OBSERVER  
in English 13 Jun 91 p 1

[Text] The cost of living index of the middle class people of Dhaka increased by 9.42 percent in the first nine months of 1990-91 (July 1990 to March 1991) over the corresponding period of the last fiscal year (1989-90). The rate of inflation during the same period in 1989-90 was 9.82 percent, according to Bangladesh economic survey released on Wednesday.

The economic survey said that there was an upward trend in cost of living and price index during the first nine months of the fiscal year 1990-91. During the period under review, the price index of food increased by 7.32 percent, housing and domestic spending by 9.09 percent, fuel and energy price index by 37.35 percent, clothes and shoes by 8.15 percent, and miscellaneous 1.99 percent.

### Highlights of the 1991-92 National Budget

BK2706143091 Dhaka THE BANGLADESH  
OBSERVER in English 13 Jun 91 pp 1, 10

[Text] The following are the highlights of the proposed National Budget for the financial year 1991-92, reports BSS.

- Revenue receipts-Taka 8503.09 crore
- Foreign grant-Taka 2969.89 crore.
- Foreign loan-Taka 4326.72 crore.
- Annual Development Programme (ADP)-Taka 7500 crore.
- Revenue Budget surplus-Taka 419.83 crore.
- External resources for the ADP have been estimated at Taka 6435 crore which include project aid of Taka 4380

crore and commodity aid of Taka 1730 crore. The domestic resources would provide 14 percent of the total development outlay.

- Additional domestic resources of Taka 554.17 crore will have to be mobilised for financing the ADP of 1991-92.
- Economic growth rate expected 5.7 percent.
- The estimated outlay on the ADP 1991-92 stands at Taka 7500 crore which is larger than the original and revised ADP of 1990-91 by 1832 crore and Taka 1379 crore respectively.
- The highest allocation proposed for education sector of Taka 1255.57 crore which is 15.5 percent of the total estimated revenue expenditure.
- Health and population control-Taka 401.75 crore.
- Additional expenditure incurred for relief and rehabilitation after cyclone and floods-Taka 130 crore (up to May).

Bangladesh has received the highest amount of pledge in its history in the last Aid Group meeting for this year. This year's pledge amount is 2.3 billion dollars as against 1.8 billion dollars last year. Additional pledge of 200 million dollars is expected from Japan. The amount already pledged at the Aid Group meeting is 28 percent higher than last year's pledge and it would be 33 percent higher if the expected additional pledge is included.

- As on June 30, 1990, Bangladesh received 20.72 billion dollars as external assistance, 49 percent (10.10 billion) of which is grant and 51 percent (10.63 billion) is concessional loan.
- An allocation of Taka 683 crore has been proposed for subsidy in the Budget of 1991-92 as against Taka 940 crore originally proposed in 1990-91 Budget. The proposed subsidy would be more than eight percent of the estimated revenue expenditure.
- The government has planned to dispose of assets worth Taka 50 crore during 1991-92 through undertaking a programme for divestiture of shares and disposal of industries under its ownership at appropriate prices for further expansion and consolidation of the liberal and market oriented economy.

—For containing the revenue expenditure the government was contemplating to reduce the size of the government for which necessary steps will have to be taken.

—Departmental enterprises and public sector enterprises like Railway, Power Development Board, Bangladesh Jute Mills corporation, BRTC [Bangladesh Road Transport Corporation] Bangladesh Textile Mills Corporation and other public enterprises will be turned into profitable ones by enhancement of efficiency, reduction of production cost and appropriate pricing policies.

The Jamuna Bridge, the Meghna Bridge and the flood action plan will feature prominently in the programme for infrastructure development.

## Finance Minister's 12 Jun Budget Speech

### Beginning of Text

91AS1151A Dhaka THE NEW NATION in English  
13 Jun 91 pp 3, 4, 6

[Text] Following is the Text of the budget speech delivered by Finance Minister M. Saifur Rahman at the Jatiya Sangsad yesterday afternoon:

Mr Speaker, Sir,

[1.] I rise with your permission to place the budget for 1991-92 and the supplementary budget for 1990-91.

2. At this juncture of resurgence of democracy and inception, under the leadership of the Acting President, of a democratic government chosen through a neutral election, I take this opportunity to pay my respect to all those whose sacrifice and intrepid struggle led to the establishment of independent and sovereign Bangladesh; and to all those brave citizens whose love of freedom and bold struggle brought to an end the autocratic regime and made possible the establishment of a democratic and accountable government. All of us bear the moral responsibility to sustain and consolidate the democratic tradition.

3. The Acting President Justice Shahabuddin Ahmed deserves gratitude and respect of the entire nation for his critical role in our transition to democracy. After a long time the nation had the opportunity to express its political choice in the truly neutral election held under his able leadership. The whole world is full of admiration for the effective conduct of the neutral election which has become an ideal. In his speech to the First Session of the Fifth Jatiya Sangshad, the Acting President Justice Shahabuddin Ahmed dwelt on the various aspects of our political and economic system and identified directions for overcoming our problems. His administrative sagacity and sense of justice and equity will provide correct direction in resolving economic and social issues confronting us. Happily, many of his economic and social ideas are in conformity with the economic and social programmes of the Government of the Bangladesh Nationalist Party. On behalf of the Government and my own behalf, I convey sincere thanks to the Acting President Shahabuddin Ahmed.

Mr Speaker, Sir,

4. On 29 April, 1991, we suffered a severe cyclone. According to the information received so far, one lac and thirty eight thousand people have lost their lives; twenty lac families have been rendered homeless; and colossal damages have been suffered. May Allah rest in peace the departed souls. I also convey my condolence and sympathy for those who lost their dear ones or suffered losses otherwise. The government of the Bangladesh Nationalist Party [BNP] had been in office for forty days only at the time of the cyclone. Nevertheless, the government promptly came to their help with all the resources at its command. I would like to assure you that we will continue our efforts for their rehabilitation and restoration of normalcy in their life.

Mr Speaker, Sir

5. I would like to recount some reminiscences at this hour of re-establishment of a democratic and accountable government. I had the privilege of presenting the budget for 1981-82 on behalf of the last democratic government of the 1980's only a week after the assassination of Shaheed Ziaur Rahman, a dedicated freedom fighter, who wisely led the country out of its first crisis encountered after independence, who resuscitated the process of democracy and stability, and who, until death, remained a pioneer of development centering the village. Killed by a heinous assassin, he is no longer with us. But under the leadership of Begum Khaleda Zia, his competent political successor, and with the support of all other democratic political parties of the country, workers, professional groups, and the broad masses of students and common people, the Bangladesh Nationalist Party, established by Ziaur Rahman, was able to bring to an end the decade-long autocracy and establish again a democratic government, which evinces unequivocally the endorsement given by the common people to the philosophy and sagacity of Shaheed Ziaur Rahman. Today, after a decade, I am presenting again the budget for 1991-92 as the Finance Minister of an elected democratic government. It is a great privilege that I could present budgets for two democratic governments after such a long interval of time.

Mr Speaker, Sir,

6. The major goal of this government, which has passed great political ordeals, is to mobilize the Bangladeshi nationalist forces towards creation of a self-reliant, just and equitable social order. The Agenda is based on our commitment to democratic pluralism, privatization, deregulation and market oriented competitive economic environment. The central feature of the economic programme is the creation of a social and economic milieu which encourages efficient economic activities. We are determined to bring about fiscal and monetary discipline in macro-economic management and roll back corruption by stressing accountability and transparency in all actions of the government. We are determined to remove the debilitating corruption which has afflicted our society, though we recognize that it is a hard task and will take long. For bringing about efficiency in economic activities, the government will continue to reduce regulations and controls, resist all pressures for their restoration, ensure implementation of policy decisions at all levels, and make our industries competitive under market pressure. The benefit will be lower consumer price. The system losses of the public utilities will be brought under control, so that prices need not be unnecessarily increased. Targeted programmes will be taken up for poverty alleviation, using our past experience of village government with genuine representation of the poor. For reaching the goal of a self-reliant economy we will improve domestic resource mobilization and tax administration; it is our intention to raise tax revenues each year by 0.5 percent of GDP [gross domestic product]. In 1980-81 domestic resources accounted for 35 percent of development outlay; by 1989-90 it virtually ceased to make any contribution. We intend to raise the



proportion of domestic resources in development outlay to 35 percent by 1995 and by the turn of the century more than 50 percent.

7. Experiments have been made with different economic systems in this country since independence. Immediately after independence the government had an important role in addressing an economy shattered by war and subject to other external shocks. Over time, however, the economy controlled by the government revealed weaknesses which impede realization of the potential creative economic energies of the common people. Aware of these realities, the government of the Bangladesh Nationalist Party changed the structure and basic principles of economic management towards the end of 1970's which recognised the spontaneous energies of the people and initiated a process for gradual reduction of the role of the government. Unfortunately, the government was removed from office before the new principles could develop fully and since then the liberal economic structure has been subjected to various distortions and impediments. The policies might have been right, but there were wide deviations in their implementation. Opportunities for honest and equitable participation were replaced by dishonesty and patronage; consequently, the liberal and market oriented economy could not generate the expected benefits for the common people.

Mr Speaker, Sir,

8. Corruption was institutionalized during the last autocratic regime. The structure of rules and principles for management of government finance, budgeting and planning broke down. Licenses and permits were issued for the benefit of particular individuals or groups for import of essential commodities such as sugar, salt, milkpowder. The privileged few appropriated scarcity premia and made large profits, while the common people had to pay higher prices and still there was not enough supply. The government takes up development programmes for the economic growth of the country and mobilizes external resources as loan and grant. There exists clearly defined procedures for selection, preparation and implementation of projects which utilize these resources. The Planning Commission scrutinizes projects which are taken up only if found financially viable and consistent with the main objectives of economic development. During the previous government, projects were taken up under administrative direction—the so-called "mandated" projects—in complete disregard of the process of scrutiny. Garments industry developed during the last two decades and played an increasingly important role in the growth of our export. The government used to reserve an export quota under its control, which was allocated on a discretionary basis to individuals or groups as patronage. Those who exercised this power also benefited—but at the cost of the economy. Corruption on this scale was possible as an effective system of accountability was absent. Accountability has to be established in all areas and at all levels of the government; discipline in government financial management has to be restored; and appropriate principles have to be established for planning and development.

9. Unnecessary and excessive governmental control distorts the economy which prevents the citizens from using their spontaneous creativity; generates inefficiency; and creates opportunities for dishonest appropriation of rent by those who are involved in management of the economy and the state. Therefore, unnecessary governmental control over the economy should be dispensed with. The need for such a course of action is clear from the experience of various countries and economic systems. Deregulation or roll-back of the state does not mean economic anarchy—it means removal of discretionary and direct intervention by the government. The public sector and the private sector will play complementary roles in the liberal market oriented economy that we are talking about. It is not expected that the private sector entrepreneurs will be devoid of a sense of humanity and conscience which makes them objects of public displeasure. They will be efficient, dynamic conscientious, and committed to their social obligations. Such a humane system of private ownership alone can accelerate economic development consistent with public interest and social justice, which is so necessary for maintaining social equilibrium.

10. Both internal and external competition are essential for economic efficiency. Governmental control and regulation creates monopoly in the domestic market which enables enterprises to make profit in spite of inefficient allocation and utilization of resources. Similar opportunities are created in external trade by quantitative restrictions and high levels of protective tariff. In either situation the cost is borne by the consumers who are the ordinary citizens. Liberalization will be carried out in a manner consistent with the interest of the consumer and industrial development, to which end tariff and tax structures will be reformed and investment procedures simplified. The entrepreneurs, however, will be given facilities similar to those provided in other countries of Asia.

11. The Government will undertake a programme for divestiture of shares and disposal of industries under its ownership at appropriate prices for further expansion and consolidation of the liberal and market oriented economy. The government plans to dispose of assets worth Tk 50 crores during 1991-92.

12. Indiscipline prevailed in the credit market or the financial sector far too long. The amount of bad loan is too large. Indiscipline in the financial sector has created a crisis for the economy; the financial institutions are experiencing shortage of loanable funds because of large defaults which limit their ability to sanction new loans; consequently, those who are new in the field of industry and trade do not have access to adequate loan and fail to use their capabilities. The government has taken steps to address this problem: law has been amended which provides for more effective procedures for recovery of loan; loan courts have been established; lists of large defaulters have been published; and their access to new loan has been restricted. It is expected that these measures would improve recovery of loan and induce the defaulters to repay loan in discharge of their contractual and social

obligations. For recovery of defaulted loans, the government will firmly pursue these measures which have already received support from all quarters. They may still have access to new loan if their failure in servicing debts was due to genuine difficulties and the financial institutions are prepared to consider these cases on the basis of bank-and-client relationship.

13. The management of government finance calls for improvement. Data for the last few years show an unsatisfactory position with respect to government revenues while current expenditure increased significantly. From 1983-84 to 1989-90 annual growth of revenues averaged 14 percent while that of current expenditure averaged 18 percent. As a result, saving in the public sector declined; the government increasingly became dependent on external assistance; and the contribution of domestic resources to development outlay shrunk. External resources accounted for 65 percent of development expenditure in 1980-81, which rose to 99 percent in 1989-90. I have already stated that our aim is to reverse this trend and increase allocation for development expenditure. If we are able to enhance mobilization of internal resources, it will be possible also to utilize more external resources; consequently, total development outlay also can be increased. In allocating public resources higher priority will be given to sectors which contribute to development and welfare such as education, health, agriculture, water resources, etc., and specially primary and secondary education. Unfortunately, the allocations for different sectors cannot be utilized effectively for weaknesses of management and monitoring. Steps are to be initiated for improving absorption capacity in the education sector so that its programmes can be further expanded. Inadequate allocation for operations constrain optimum utilization of existing assets; similarly, inadequate maintenance causes fast deterioration of assets. It will be necessary to improve qualitatively the programmes and management competence in those sectors which would be given higher priority in allocation of resources, failing which they will not be able to generate the expected benefits. This holds for all other programmes and sectors also.

14. One important reason for growth of revenue expenditure—unproductive and consumption expenditure in particular—is the large size of the government. It is difficult to contain revenue expenditure without reducing the size of the government, for which necessary steps will have to be taken.

15. The government spends a large part of its revenues to make up for the losses of departmental enterprises and public sector enterprises. Let me cite a few examples. The railway earned a profit of Tk[takas]1.60 crores in 1978-79—and that was the last time it made profit. Until 1982-83, however, its annual loss was limited to Tk 6 crores only. The railway incurred a loss of Tk 49.00 crores in 1983-84 and during the last few years annual loss was around Tk 150 crores. The loss of the railway is due to excessive manpower, purchase of unnecessary and excessive equipment and stores, operational inefficiency, etc. The large amount of loss incurred by the railway cannot be

avoided without significant restructuring and improvement of operational efficiency. This phenomenon is present almost everywhere in the public sector. The system loss of the Bangladesh Power Development Board is forty percent or more; its receivables are larger; and because of cash flow problems the Board cannot meet its debt service liabilities. Losses of the Bangladesh Jute Mills Corporation, the Bangladesh Road Transport Corporation, the Bangladesh Textile Mills Corporation, and other public enterprises amount to a few hundred crores. Unless these organizations stop making loss, it will be necessary to give them subsidies out of tax revenues for which there is little rationale. These organizations are to be turned into profitable ones by enhancement of efficiency, reduction of production cost and appropriate pricing policies, which will reduce the burden on the government. It is contrary to economic rationale and social justice to pay for the mismanagement of these organizations out of the revenues received from taxes on the daily necessities of the poor. Besides, it is not possible to mobilize domestic and external resources for these expensive but inefficient organizations. Nowhere in the world can an electricity utility survive if its system loss is 50 units out of 100 units generated. The nation has to be salvaged from this situation, failing which industrial development will be impeded and the burden of unjust tax on the people will increase.

16. Subsidy accounts for 12 to 14 percent of our revenue budget. In the revised budget of 1989-90 allocation for subsidy was Tk 940 crores, which is 14 percent of the total revenue expenditure. Allocation for subsidy in the budget of 1990-91 was Tk 988 crores, which was more than 13 percent of the total revenue expenditure. In the revised budget it has been proposed to reduce allocation for subsidy by Tk 218 crores to Tk 770 crores; nevertheless, it will be 10 percent of the total revenue expenditure. An allocation of Tk 683 crores has been proposed for subsidy in the budget of 1991-92, which would be more than 8 percent of the estimated revenue expenditure. This trend for reduction of subsidy has to be sustained. Expenditure for the development and welfare of the poor, however, will not be part of this process; on the contrary, we consider such expenditure as investment in human resources development. We have to realize that the economy of a poor country like ours cannot be revitalized as long as we continue to incur such large expenditures on subsidy while depending largely on taxes affecting the poor as well as external resources.

17. A major objective of the government's economic development policy is alleviation of poverty through higher and equitable economic growth. The bulk of the poor people live in the rural areas and are engaged in agriculture or other off-farm occupations. Agricultural and rural development thus helps poverty alleviation. Based on these considerations, higher priority in development strategy will be accorded to agriculture, irrigation and water resources, rural infrastructure and small and medium industries—particularly agro-based and agro-supportive industries—located in rural areas. Efforts will be made to integrate the marginal social groups with the mainstream economic activities through appropriate

structural and strategic measures, so that their access to benefits of development is enhanced. Education and health and family planning sectors will be emphasized as part of the strategy for human resources development. We believe that the government will have a lesser role in directly productive activities after adequate development of the private sector, which will enable the government to concentrate more on development of infrastructures. The Jamuna Bridge, the Meghna Bridge and the Flood Action Plan will feature prominently in the programme for infrastructure development.

Mr Speaker, Sir,

18. Women constitute about half of our total population. But their participation in development programmes and at different levels of the government is rather insignificant. The progress of a society will be constrained if half of its population is neglected and excluded from the benefits of development. It is, therefore, necessary that the women are progressively brought into the mainstream of economic activities.

19. Maintenance of ecological balance and prevention of environmental pollution are very important for a small but densely populated country like ours. The growth of population itself generates ecological pressures: deforestation takes place for allowing human habitation; and human settlements grow up in far-our areas. The floods of 1987 and 1988 and the cyclone this year demonstrate how vulnerable we are to a hostile ecology. We have to take appropriate steps to save ourselves from such adversities. Tree plantation and coastal afforestation are among these initiatives. We have to construct shelters for protecting ourselves from cyclone, floods and tornado. Ecological and environmental impact of development projects is to be carefully ascertained.

Mr Speaker, Sir,

20. Stabilization and structural adjustment measures are necessary for sustained economic development. We have been pursuing these policies for a long time. In addition to macro-economic structural adjustments, we have taken up adjustment programmes in various sectors such as finance, energy, industry, agriculture and food. The principal objectives of all these sectorial reforms are enhancement of efficiency, enforcement of discipline, appropriate pricing, and reduction of rent-seeking opportunities. I have already referred to the indiscipline in the financial sector and the system loss of the Power Development Board. The industrial sector reforms aim at enhancement of efficiency through competition. In agriculture and food, efforts are being made to reduce subsidy and to ensure stable food supply and price for all in place of low-priced food for a few agricultural inputs are getting easily available. The government will have to provide subsidy from its revenues and assume responsibility for losses incurred in the various sectors unless these measures are adopted. As a result, the other sectors will not get adequate resources, while the burden of the subsidy and losses are eventually passed onto the common people, which is contrary to all principles of justice and equity. The cost of adjustment may not be

equally distributed among all the social groups. It may hurt some groups more than others. But we have to accept this sacrifice for sustained and overall development. However, we have to be sensitive to the impact on the poorer sections of the people and undertake ameliorative efforts whenever required. Some people have negative perceptions about these measures because they were undertaken as part of donors' conditionalities. In reality, we should implement such measures on our own for attaining economic efficiency. However, I would also like to make it clear that no structural adjustment programme would be accepted which is not truly in the interest of the country and welfare of the people; we will accept only those reforms which are compatible with our development and welfare.

Mr Speaker, Sir,

21. Democracy, socio-economic development, accountable government, economic efficiency, poverty alleviation and social justice are encompassed and move within the same circle. A democratically elected government is accountable to the people; they cannot show irresponsibilities in conducting the affairs of the government. On the other hand, inefficient use of resources result in wastage, which impedes development efforts and fails to improve the conditions of the people. In our view, therefore, democratic political and social system is the pre-condition for socio-economic development, efficient economic management and government's commitment to public welfare. It is my belief that the present popular and democratic government can create a nationalist consciousness among the people and mobilize them towards efforts for socio-economic development which will accelerate growth and thus help establish a just and equitable social order. Our faith in such a process was confirmed by the experience of the nationalist government under the leadership of President Shaheed Ziaur Rahman. We are determined to pursue similar programmes under the leadership of the Prime Minister Begum Khaleda Zia.

Mr Speaker, Sir,

22. The economy was subjected to various internal and external shocks during 1990-91. The political and military instability which occurred in the Gulf area in August 1990 affected the whole world and had an adverse impact on the economy of Bangladesh. A large number of Bangladeshi workers are employed in the Gulf States and other countries of the Middle East. Many of them had to return home during the Gulf Crisis. According to the Ministry of Labor and Manpower, more than 63 thousand workers had to return. The government incurred a large expenditure for their repatriation. As a result of increase of world petroleum price our import cost also increased. The total import, however, declined and there was a shortfall in customs duties. The government responded to the situation by strengthening adjustment measures. Assistance received from the International Monetary Fund and other sources helped us in responding to the situation.

23. A severe cyclone hit the south-eastern part of the country on 29th April. I have already referred to the human dimensions of the cyclone. Economic activities



have been adversely affected. Garments and other industries, physical infrastructures, shrimp culture and other piscicultures, industrial units of the Bangladesh Chemical Industries Corporation located in Chittagong and the infrastructures and industrial plants in Chittagong Export Processing zone suffered damages. The operation of the Chittagong Port was constrained and sizeable quantities of imports at the port were damaged. According to preliminary estimates, the cost of relief, short term reconstruction and medium term rehabilitation is large. International agencies and friendly countries have extended cooperation in meeting our needs.

24. Shortly after the cyclone greater Sylhet district was affected by floods causing considerable damage to agriculture, roads and flood-control infrastructures which would need immediate rehabilitation.

25. During 1990-91 broad money supply and credit increased less than the expected. It was estimated that broad money and credit would increase by 16.48 percent and 16.71 percent respectively over 1989-90. From July to march in 1990-91 financial year broad money supply increased by 3.15 percent only, compared with the expected growth of 11.23 percent and 8.69 percent during the corresponding period of the last financial year. Credit had increased by 14.40 percent during the first nine months of the last financial year; for the corresponding period this year, the growth was 3.43 percent only compared with the expected growth of 11.80 percent. It was estimated that net credit to the government would increase by 11.57 percent and by 10.74 percent to the public sector. On the contrary, credit to the government has contracted by 22 percent, aided by government's policy to restrain revenue expenditures. Credit to the public sector expanded by 3.04 percent only. Credit to the private sector increased by 6.74 percent only, compared with an expected growth of 12.26 percent. Contraction of broad money and credit reveals recessionary trends in the economy, to remove which a number of corrective steps were adopted by the government in April. The reserve ratio was reduced from 10 to 8 percent and statutory liquidity ratio from 25 to 23 percent. During the last year a number of contradictory measures had been adopted in response to the depletion of foreign exchange reserve; some of these measures have been relaxed in the current year to encourage import. Banks have been permitted to fix, on the basis of bank-and-client relationship, the margin for import of industrial raw-materials; margin requirement for import of consumer goods has been reduced. According to the latest available data, credit increased by 5 to 5.5 percent in April and May. It is expected that this will help partially to moderate the recessionary trends.

Mr Speaker, Sir,

26. I would like to say a few words on the position of the external sector and the principles for its management. The external sector, which is an integral part of the economy, plays a complimentary and supportive role. The Gulf Crisis in 1990-91 financial year and the natural disaster of April had an adverse impact on the external sector. Our

exports could overcome to some extent the adverse impact of the Middle East Crisis; the natural disaster of April, however, will cause an immediate set-back which is likely to reduce receipts on account of exports. On the other hand, payments for import may increase though it was estimated earlier that the recessionary condition of the economy would dampen demand for import. Nevertheless, import during this financial year is likely to exceed that of the last financial year only slightly.

27. The government has been able to address the uncertainty which emerged in the external sector in 1990-91 generated by decline of export and increase of import. Consequently, it has been possible to maintain a satisfactory level of foreign exchange reserve which can meet import needs for two-and-half months.

28. External trade should be used as a strategy for economic growth by a developing country like ours. We should diversify and increase export while maintaining a liberal trade regime to ensure adequate import of raw-materials, machinery and spares for export oriented and domestic industries as well as consumer goods. At the same time, in order to attain balance in the external sector, we should adopt a medium term programme for reducing the gap between import and export. I believe that expansion of external trade can help achieve this balance which is also an important step towards self-reliance.

29. Exchange rate policy has an important role in maintaining competitiveness of our export and encouraging initiatives for new exports while discouraging undesirable import and protection. Exchange rate will be kept under observation from this perspective in order to avoid any persistent misalignment. Management of real effective exchange rate will be strengthened and the exchange rate of taka will be adjusted whenever necessary. Moreover, we would adopt other strategies also to arrest any deterioration which may decelerate growth of export. We are carrying on the burden of external debt contracted by the autocratic regime during the last nine years, although it was done in violation of all budgetary and planning disciplines. We have to take steps for reducing the burden of external debt in the future.

30. The price index in 1990-91 was somewhat lower than that in 1989-90. According to the consumer price index for the Middle Class households of Dhaka for 1989 prepared by the Bangladesh Bureau of Statistics, the price index for July-August was over 9 percent. In the following months the price index declined below 9 percent and reached 7.9 percent in January 1991. Thereafter the price index showed an upward trend and increased to 8.7 percent in May. The general price index remained low this year as the price index for food was slightly lower. However, it should be noticed that both the general price index and the food price index showed a persistent upward trend this year. The adverse external situation and the political instability in the recent past have generated underlying pressure on prices, which is likely to continue in view of the cyclone, floods, other natural disasters and external economic conditions. Appropriate macro-economic measures will have



to be taken to arrest deterioration of the situation and the stabilization process will have to be sustained.

31. The production of foodgrain was 187.50 lakh tons in 1989-90. The production for 1990-91 was initially estimated at 195 lakh tons, which has been revised to 193 lakh tons after the cyclone. It is estimated that the cyclone damaged 1.73 lakh tons of boro and 10,000 tons of aus, while the floods damaged 35,000 tons of boro.

32. Food stock in government godowns stood at 11.48 lac tons in July 1990. During July—April, 13.42 lac tons of foodgrains including 13.05 lac tons of food aid, were imported. Domestic procurement up to April was 4 lac tons. The Government had an operating stock of 29 lac tons by end of April and the quantity distributed totalled 20 lac tons. Since May an expanded programme has been taken up for distribution of food in the cyclone and flood affected areas. The latest estimates indicate that the government will distribute 24 lac tons of food through the public food distribution system in 1990-91. The Ministry of Relief plans to distribute 8.24 lac tons of food through non-monetized channel; the quantity may have to be increased to meet the needs of the affected areas. Food stock at the end of the year will be over 9 lac tons. Assuming that the desirable level of opening stock for 1991-92 is 10 lac tons, the actual stock would be slightly lower. The shortfall, however, is not critical. Additional pledge of 2.16 lac tons of food aid has already been received in the wake of the natural disaster, which will improve the stock position. We have already requested the donor agencies and countries to accelerate shipment.

33. The target for domestic procurement during the current year was revised to 8.36 lac tons; about 5 lac tons have been procured by the end of May. Procurement price for paddy was revised from Tk 220 to 240 in order to improve domestic procurement. Support price for growers is necessary for agricultural growth and the government will try to ensure more effective domestic procurement.

Mr Speaker, Sir,

34. We recognize that efficiency and contentment of the civil service is required for implementation of government policies and programmes. We are, therefore, cognizant of the need for appropriate levels of salaries, allowances and other benefits for the government employees. However, we should also recognize that expenditure on account of enhanced salary, allowances and other benefits should be considered in the overall context of its impact on government finance, the economy and the socio-economic situation. Enhancement of civil service compensation should keep pace with productivity and efficiency improvements. Expenditure on this account in excess of efficiency and productivity gains may lead to cost-push inflation. It is pertinent to mention here that expenditure on civil service compensation is about one-third of the total revenue expenditure; even a small increase on this account has a relatively significant impact on government's total expenditure. Therefore, in considering enhancement of civil service compensation, the government will have to be very careful and sensitive to its implications for the economy,

productivity gains, and the weakness of the economy of Bangladesh. It is more important to maintain stability of prices of essential goods than enhancement of wages and salary.

Mr Speaker, Sir,

35. The growth of the economy has suffered a setback due to cyclone, the floods, tornado and other natural disasters. Economic growth was estimated at 4.2 percent for 1990-91; it may decline to 3.5-4 percent as a result of the cyclone. For 1991-92, economic growth is estimated at 5.7 percent.

Mr Speaker, Sir,

36. The Aid Group meeting was held towards the end of May this year. The international agencies and the friendly countries which participated in the meeting appreciated our successful efforts for establishing democracy. As would be evident from the pledge this year, they have given strong support for our democratic process and development initiatives for the welfare of the people. Last year, only \$1.8 billion was pledged; this year the pledge amounts to \$2.3 billion. We are expecting an additional pledge of \$200 million from Japan. The amount already pledged at the Aid Group meeting is 28 percent higher than last year's pledge; it would be 33 percent if the expected additional pledge were included. It is the highest amount of pledge ever made in the history of Bangladesh. Based on my personal experience, I would like to appraise you that the meeting this year was held in a spirit of cordiality and cooperation. The donor agencies and countries have enhanced the pledged amount without any new conditionality, which confirms their full confidence in the present democratic government. It is our responsibility to use these resources effectively to ensure welfare of the people and economic development.

37. As on 30 June, 1990, we received \$20.72 billion as external assistance, 49 percent (\$10.10 billion) of which is grant and 51 percent (\$10.63 billion) is concessional loan. External assistance is required for our economic development. The level of investment would be very insufficient if it were limited to the rate of domestic saving only which is very low. In addition, we also need foreign exchange for financing import of industrial raw materials and consumer goods. Our dependence on external assistance is inherent in the structural gap between domestic savings and investment and between export and import.

Mr Speaker, Sir,

38. Total receipt for the budget of 1990-91 was estimated at Tk 8050.46 crores. Receipts from different sources were as follows: Tk 6319.68 crores from taxes under the control of the National Board of Revenue; Tk 468 crores from other taxes; Tk 1262.78 crores from non-tax revenue. In the revised budget receipt has been estimated at Tk 7822.03 crores. The following are estimated receipts from different sources: Tk 6011.10 crores from taxes under the control of the National Board of Revenue; Tk 371.75 crores from other taxes; Tk 1439.18 crores from non-tax sources. Receipts from external trade related duties and

excise were lower; it is expected that receipts on account of income tax and sales tax would be higher. Estimated receipt from land development tax has been reduced from Tk 120 crores to Tk 60 crores, which is explained by the remission granted by the government to help the farmers.

39. The estimates for revenue expenditure stood at Tk 7300 crores in the budget; in the revised budget the estimates stand at Tk 7310.24 crores only. Additional expenditures had to be incurred in the wake of the Gulf crisis, the cyclone and other natural disasters. The estimates for expenditure on account of relief stood at Tk 232.32 crores in the budget, which stand at Tk 452.96 crores in the revised budget—i.e. on this account alone expenditure increased by Tk 220 crores. In spite of this, it has been possible to contain revised estimates of revenue expenditure at about the level of the budget because of effective control over expenditures in other areas.

40. The government incurred additional expenditures for relief and rehabilitation after the cyclone and the floods that followed immediately. More than Tk 175 crores have been allocated for these purposes up to May. Let me mention here some of these allocations: more than Tk 130 crores to the Ministry of Relief for distribution of food, house building grants and other types of relief; Tk 12 crores to the Ministry of Health and Family Planning for augmenting supply of medicines and health services in the affected areas; Tk 4 crores to the Ministry of Communication and Ministry of Local Government, Rural Development and Co-operatives for repairs of roads; Tk 1 crore to the Ministry of Education for grants to the students for purchase of text books; Tk 10 crores to the Ministry of Agriculture for Agriculture Rehabilitation Programme; and Tk 20 crores to the Local Government Division for provision of tubewell. Additional disbursements have been made from the Prime Minister's Relief Fund. Urgent steps have already been taken for immediate relief and rehabilitation: steps for medium term rehabilitation programmes also have been initiated. The demands for these purposes will be met on an urgent basis and according to needs from Tk 63.22 crores proposed for unexpected expenditure in the revised estimates.

41. The size of the Annual Development Programme was Tk 5668 crores in the budget of 1990-91. The proposed allocation for the Revised Annual Development Programme is Tk 6121 crores, which is Tk 453 crores higher than the original estimates. Larger allocations have been made to the following sectors: rural development and institutions flood control and water resources, energy, transport, physical infrastructures and water supply.

42. External resources for the Revised Annual Development Programme have been estimated at Tk 5350.38 crores, which exceed the original estimates by 230 crores. Domestic resources were originally estimated at Tk 438.95 crores; the revised estimates stand at Tk 770.62 crores, which is 12.6 percent of the total development outlay.

43. Estimates of revenue expenditure in the proposed budget of 1991-92 stand at Tk 8083.25 crores. The highest allocations has been proposed for education at Tk 1255.57

crores which is 15.5 percent of the total estimated revenue expenditure. This step has been taken in recognition of the critical role of education in the overall development of the country. Estimates of receipts stand at Tk 8503.09 crores. Estimates of receipt from taxes under the control of the National Board of Revenue stand at Tk 6490 crores and those from other taxes at Tk 411.15 crores. Receipt from non-tax sources has been estimated at Tk 1601.94 crores. The public sector enterprises will be better able to pay dividends and discharge debt service liabilities through more efficient management and rational pricing policies.

44. The estimated outlay on the Annual Development Programme of 1991-92 stands at Tk 7500 crores, which is larger than the original and the revised Annual Development Programme of 1990-91 by Tk 1832 crores and Tk 1379 crores respectively. The outlay on the proposed Annual Development Programme is 22 percent higher than the revised Annual Development of 1990-91. In real terms, it means an increase of 13-14 percent over the revised Annual Development Programme, provided inflation is effectively controlled next year. Allocation has been increased considerably for the following sectors: agriculture, rural development and institutions, irrigation and flood control, education, health and population planning, power and energy.

45. External resources for the Annual Development Programme have been estimated at Tk 6435 crores, which includes project aid of Tk 4380 crores and commodity aid of Tk 1730 crores. Revenue surplus has been estimated at Tk 419.84 crores. After making adjustments for deficits on capital account and food operations, the estimates of domestic resources stand at Tk 510.83 crores. Additional domestic resources of Tk 554.17 crores will have to be mobilized for financing the Annual Development Programme of 1991-92. The above estimates show that domestic resources would provide 14 percent of the total development outlay.

Mr Speaker, Sir,

46. Recessionary trend has persisted from the last year which, as a result of natural disasters and external conditions, may get worse in the future. There may emerge some uncertainty with respect to external assistance as well as domestic resources. Appropriate strategies will have to be adopted, should this happen. We will also need additional resources for rehabilitation of the infrastructures and other physical assets damaged by the cyclone, for which external assistance is expected. In order to address this situation, the Government may opt for a "Core Development Programme" which, at an estimated cost of Tk 7200 crores, would be smaller. The proposed Annual Development Programme with an outlay of Tk 7500 crores will be implemented provided adequate external and internal resources are available. To reach this end, we would need efficiency in design of projects, efforts for mobilization of external resources, effective control on revenue expenditures—particularly for unproductive purposes and public consumption—and determined efforts for enhanced mobilization of domestic resources.

Mr Speaker, Sir

47. I will discuss the strategy and proposals for domestic resource mobilization in the second part of my speech.

### Concluding Portion

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[Article by Khoda Hafez]

[Text] [1.] As the background of my presentation of revenue and taxation policies for the fiscal year 1991-92, I desire to reiterate with a heavy heart what I have said in my speech of the first part that the economic policy of the Government of the Shaheed President Ziaur Rahman, aimed at development, self-reliance and welfare of the underprivileged rural people, has undergone a colossal deterioration because of indiscipline, lawlessness and extravagance in different sectors during the nine years of autocratic rule, which has brought the over-all economy to a critical stage. The result of the same has given rise to unprecedented corruption as well as huge unproductive investment. In reality investment has declined and the burden of foreign aid and loans have increased to a great extent. As a result, the development activities have become totally dependent on foreign aid. Due to the lack of matching local fund, the government could not even utilize properly the available foreign assistance.

2. No self-respecting country could accept this state of affairs and it is not at all desirable to allow it to continue. We are firmly determined to bring about a total change of this situation. In these circumstances, the mobilization of internal resources is essential to provide funds for the over-all development activities, as well as to finance the recurring expenditure of the government. In the present context, it is undoubtedly a difficult task. On the one hand, there is a social degradation due to economic mismanagement and structural corruption of the past government and on the other the huge devastation, following an unprecedented cyclone along with tidal bore and flood within 40 days of assumption of power by this government, has turned the situation from bad to worse. But the government with international acclamation has successfully withstood the enormous problems, resulting from cyclone, with firm determination, utmost sincerity, hard work and assistance from home and abroad.

Mr Speaker, Sir,

3. The downward trend in the economy should be reversed and discipline in the economic activities should be restored by proper management. For the sake of the economy itself the mobilization of resources from the internal sources has to be strengthened. It may be noted here that the Tax/GDP [gross domestic product] ratio is hardly satisfactory in Bangladesh. In our three neighboring countries—India, Pakistan and Sri Lanka, the Tax/GDP ratio is 17 percent, 11 percent and 15 percent respectively, whereas in Bangladesh the ratio is only 8 percent. Considering these factors, it is proposed to increase the tax

receipts under the control of the National Board of Revenue by 20 percent in the coming fiscal year. Its successful implementation, it is hoped, will increase the Tax/GDP ratio to 8.5 percent. It is not impossible to achieve, if there is political will, accompanied by adoption of right and proper strategy. It may be mentioned here that in 1980-81 during the last BNP [Bangladesh Nationalist Party] regime, while I was in charge of the Ministry of Finance, the rate of increase of internal resources was 25 percent.

4. It is not the desire of the present democratic government to increase the collection of revenue by raising the rate of tax and introducing new tax measures. As such, the administrative reorganization will form the main foundation for collecting the additional revenue. With this end in view, while formulating the tax proposals, special attention has been given to the introduction of new and advanced techniques for collection, simplification of payment methods and procedures, which include elimination and adjustment of distorted tax system of surcharge, plugging of loopholes, broadening of tax base, more reliable method for the valuation of imported commodities and increasing the efficiency of tax collecting machinery. The services of outside professional organizations, will be introduced, if necessary, to inspect and audit the accounts in order to control the evasion of taxes.

Mr Speaker, Sir,

5. The proposals for increasing the revenue which has so far been discussed seems to be ambitious. Dependence solely on the tax collecting machinery is not enough. The change and restructuring of the tax-rate is indispensable as a complementary to the above. The entire fiscal proposals have been prepared in conformity with the political aspiration of the government, paying regards to the social justice and equity, so that the lower income group and the prices of the essential commodities are not adversely affected. Considering the plight of the cyclone and tidal bore affected people, incentive measure have been incorporated in the tax proposals for house building and rehabilitation work, despite the limited option of the government.

Mr Speaker, Sir,

6. Before placing the various tax proposals, I like to mention here that, the value added tax (VAT) which is in existence in many developed and developing countries, is going to be introduced in Bangladesh from 1st of July, 1991. It is a modern and progressive tax system. This will expand the tax base, simplify the tax collection procedure and will help in curbing the tax evasion.

7. In the light of the above background, I now proceed to present some of the major and important proposals relating to direct and indirect taxes.

### Direct Tax:

8. Among direct taxes, income tax is the most important source of revenue. Significant changes and reforms with far reaching effects have been proposed in this year's



income tax measures. The main objectives of these measures are to broaden tax base, encourage investment for industrialization, harmonize tax laws with the welfare needs of the people and to strengthen the role of income tax through administrative reorganization in the context of over-all resource mobilization. The scheme of reorganization of the tax machinery aims at modernizing the tax management. The present system of collection, dissemination and utilization of information about tax payers has proved inadequate in detecting tax evasion and preventing leakage of revenue. So it has been decided to introduce computerization for processing information gathered about tax payers. Through proper utilization of the improved information and management system by the efficient and dynamic administrative machinery brought about through reforms it is expected that new tax payers will be unearthed and tax evasion will also be controlled.

I take this opportunity to categorically declare that the discriminatory 'tax amnesty' opportunities as were allowed in the past to legalize black money will not be repeated by the present Government. Our democratic Government will discard such undemocratic and discriminatory tax measures as will benefit the vested groups.

Now I proceed to outline the tax measures in brief.

#### **Income Tax:**

9. A large share of income tax revenue is collected from the public limited companies, sector corporations and nationalized banking, industrial and business enterprises. The books of accounts of these companies and organizations, maintained and prepared strictly in accordance with the canons of accounting principles and then subjected to meticulous auditing are expected to reflect the true and correct state of affairs of such companies and organizations. But unfortunate though, due to long historical reasons, things did not transpire in that direction. With a view to creating a congenial atmosphere for collection of revenue and also in consonance with the winds of political changes in the country it is proposed to accept the income tax returns filed by the public limited companies, sector corporations and nationalized banking, industrial and business enterprises as correct and complete subject to fulfillment of certain conditions.

10. Under the existing tax law the capital gain arising from the transfer of building or lands appurtenant thereto is exempt, subject to the condition that the gain is invested in the acquisition of residential house property within a specified period of time. But this exemption is not applicable in the case of gain arising from transfer of vacant land only. To achieve the over-all socio-economic objective and meet the basic needs of the people it is imperative to encourage investment in housing as much as possible. With this end in view it is proposed to exempt capital gains arising from transfer of vacant residential lands if the gain is invested in the acquisition of new residential house property within two years.

11. At present surcharge is leviable at the rate of 15 percent of income tax chargeable on income. To meet an emergency situation this surcharge was introduced in 1988 at

the rate of 6 percent. Subsequently this rate was raised step by step to the present 15 percent. Surcharge is a distortion in the taxation system. Moreover, surcharge not being a permanent measure, cannot be continued indefinitely. So in order to simplify the existing procedure it is proposed to withdraw the surcharge chargeable at the rate of 15 percent. The substantial loss of revenue resulting from the proposed withdrawal of surcharge on income tax cannot be recouped from any source other than the corporate sector. So to reduce the loss, at least partly, it is necessary to rationalize the corporate tax rate. It is, therefore, proposed to raise the existing rate of 40 percent and 45 percent as applicable in the case of "publicly traded" industrial companies and "not publicly traded" industrial companies to 45 percent and 50 percent respectively. But even after this upward adjustment these companies will pay less in terms of total tax than what they are required to pay now.

12. Presently the highest rate of individual tax is 50 percent. In order to encourage personal savings and investment the tax payers are required to be left with adequate disposable income at their hands. With this end in view it is proposed to rationalize the slabs of taxable income as well as the rates of tax and also to lower the highest rate to 45 percent from existing 50 percent. It needs to be mentioned that as a result of the proposed measure the marginal tax payers in the low income group will be benefited and at the same time tax payers in the high income group will also get relief.

13. The provision of law as it exists now enjoins an individual tax payer having income exceeding taka forty thousand to file statement of assets and liabilities along with his return of income. In consequence the common tax payers in the lower income group are facing great difficulties in submitting wealth statements. To mitigate this inconvenience, it is proposed to withdraw the provision of compulsory submission of wealth statement for individual assessee having total income not exceeding taka one lakh.

14. The existing provision of an industrial company enjoying tax-holiday having to invest 50 percent of its exempted profit in the purchase of Government bond appears to have created some problems for the industrial companies in the form of depletion of cash available with them. So in order to preserve the liberal investment climate, and also to remove any problem in this regard it is proposed to make provision for investment of 20 percent of the exempt income in the purchase of Government bond or security.

15. A provision was made by the Income Tax (Amendment) Act, 1990 requiring an assessee to pay half the amount of tax determined on the basis of the order of the Appellate Tribunal before filing a reference to the High Court and to pay half the amount of tax determined on the basis of the order of the Taxes Appellate Tribunal and the High Court Division before filing an appeal to the Appellate Division. The Supreme Court is the highest court for protecting the legal rights of the citizens in general and also the tax payers. To make the procedure for seeking justice in the highest appellate forum easier, it is proposed to



lower the existing requirement of 50 percent tax payment to 25 percent and also to enable the national Board of Revenue to modify or waive the requirement.

16. At present there is no time limit for disposal of appeal by the Taxes Appellate Tribunal. As a result huge number of appeals are pending at the Tribunal level and the number of undisposed appeals is increasing alarmingly. Consequent upon the delay in disposal of appeals by the Tribunal, the recovery of tax is also being delayed. Apart from the revenue remaining blocked the tax payers are also suffering from uncertainty. To remove the difficulties of the tax payers as well as expedite the process of tax collection, it is proposed to fix two years' time limit for disposal of appeals filed by the assessee to the Tribunal.

17. At present a transferor of immovable property is required to obtain an income tax clearance certificate by paying anticipated liability of tax arising on account of capital gains and arrear taxes, if any. With a view to removing gross irregularities concomitant with the issuance of certificate for transfer of property as allege and helping an intending seller of not having to go through lengthy legal formalities, it is proposed to dispense with the existing provisions in the case of transfer of immovable property located in urban areas by individual transferors and collect tax at the rate of 5 percent by the registration authorities at the time of registration of transfer deeds.

18. The ceiling for investment allowance is at present fixed at one-third of the total income or taka two lakh whichever is the less. In the context of our economic condition, the ceiling of investment allowance is too much liberal. It is evident that the existing high ceiling of this allowance is unreasonably going to the benefit of high income group only. There is no economic justification for encouraging personal savings in the case of high income groups in a Least Developed Country like ours at cost of internal resource in the hand of the Government. So in the interest of mobilizing domestic resources, it is proposed to lower the ceiling of investment allowance to thirty percent of total income or taka one lakh whichever is the less.

19. At present there is provision of presumptive assessment for assessee deriving income from profession. The main objective of this provision is to simplify the legal formalities of assessment process. In order to bring the assessee deriving income from business under this system and with a view to widening its scope, it is proposed to introduce presumptive assessment in the case of business income also.

20. Under the Income Tax Rules, entertainment allowance is partially exempt from tax. This allowance is in fact addition to salary. Due to the existing exemption of allowances and perquisites, in part, there is a tendency among employers to give benefit to their employees in terms of exempt allowances and thus resort to legal avoidance. So in the interest of revenue, it is proposed to withdraw the existing exemption of entertainment allowance and to bring it under the purview of tax.

21. At present, dividend issued by public limited companies is entirely exempt and dividend up to fifteen thousand

taka issued by private limited companies is also exempt. This exemption is however, not applicable in the case of intercorporate dividends. Exemption of dividend income almost entirely is rare in our experience. Moreover dividend is very much as assessable income classified under the head "income from other sources" and as such does not, by any reasons, qualify for special treatment. Above all exemption of dividend cannot be continued indefinitely. In order to safeguard the interest of revenue as well as to reduce the tax burden of the middle income group of assessee and at the same time encourage mobilization of saving, investment and development of capital market, it is proposed:

- (a) to exempt dividend up to taka thirty thousand, issued by the public limited companies except intercorporate dividends;
- (b) to withdraw the existing partial exemption of dividends issued by private limited companies;
- (c) to deduct tax on dividends at source at the rate of 10 percent in the case of recipients other than companies and at the rate of 15 percent in the case of companies.

22. Among the fiscal incentives for industrialization tax-holiday is the most important. This scheme is being continued for a long time. By Finance Act, 1989 the tax-holiday scheme has been extended straightaway up to 2000 proper evaluation. It may be mentioned that at the time of renewing the tax-holiday scheme periodically in the earlier occasions, the contribution of the scheme used to be reviewed. Though this scheme is playing considerable role in encouraging investment and industrialization it is necessary to reschedule the time period of this scheme for periodic evaluation of its utility and effectiveness at reasonable interval. So it is proposed to continue the tax-holiday up to 1995 instead of 2000.

23. At present one or more companies forming an association with "another person" not being company, is considered as an association of persons and taxed at individual slab rate. By availing this provision of law, some companies forming association with persons other than companies, are escaping higher corporate rate of tax and paying taxes at the lower individual slab rates. So in the interest of revenue, it is proposed to include such associations in the definition of company.

24. Any foreign association or body even if incorporated as a company in its country of origin cannot be considered as a company in Bangladesh unless declared by the National Board of Revenue to be a company. To remove this inadequacy in our law, it is proposed to include a foreign association or body incorporated in the country or origin as company for tax purpose.

25. The present exemption in respect of raw materials for industries as are approved by the Board of Investment from tax at import stage is not warranted by the overall scheme of the rule, framed in this behalf. Viewed from this angle this general exemption to all industries approved by the Board of Investment, apart from being inconsistent with general scheme, also discriminates against industries approved by the former Department of Industries.

Besides, due to the enormous volume of imports made by industries approved by the Board of Investment, the major area of imports has remained outside the purview of tax withholding at import stage. With a view to augmenting revenue as well as to removing this anomaly it is proposed to withdraw this exemption from raw materials of the industries approved by the Board of Investment.

26. Donations to sports federations and clubs are at present exempt up to taka five lakh. This blanket exemption is being abused as a means for avoidance of tax on the one hand while the main objective of development of games and sports is also not being achieved on the other. With a view to bringing about real improvement in the overall sports activities, it is proposed to restrict this donation of up to five lakh taka in the case of sponsors of first class national and international games and sports only.

27. Income from fish farming, duckery, poultry farming, cattle farming, dairy farming, horticulture, frog farming, cultivation of mulberry, cocoon, mushroom and floriculture is exempt up to 30th June 2000. Though the exemptions in other areas are subject to fulfillment of certain conditions, the exemptions in respect of these agriculture related activities are unconditional. As a result, this exemption benefit, in some cases, is being used as a tool for avoiding tax and legalizing black money. With a view to preventing this benefit from being misused, investment of 15 percent of the declared profit is proposed to be made in Government security including Saving Certificates.

28. In order to issue refund of any excess tax paid by a tax payer, as assessing officer is required to examine the relevant evidence and documents. It is, therefore, proposed to exclude cases involving claim of refund due to collection of tax at source from the scope of self-assessment.

29. Under the mercantile method of accounting expenditure on account of interest on loan by an assessee to any bank of financial institution is considered allowable at the time of assessment irrespective of whether the amount is paid or not. As a result, the debtor assessee apart from enjoying the benefit of deduction for tax purposes, also becomes prone to defer the payment of interest for an indefinite period. With a view to compelling the debtor assessee to discharge his debt liability it is proposed to treat the accrued interest which has not been paid within two years from the end of the income year in which it is allowed as income of the assessee.

Mr Speaker, Sir,

30. So long I have outlined the measures directly related to revenue regarding income tax. It needs to be mentioned that a viable tax system cannot be evolved only through legal measures. The desired objective of augmenting the role of income tax in the resource mobilization process cannot be achieved unless the administrative machinery is made dynamic so as to keep pace with the fast changing tax laws. No reform measures worth the name in respect of direct tax administration was even contemplated during

the last nine years. As a result, the number of tax payers has increased only marginally during the last few years. Due to limitations of the administrative machinery in the income tax establishment, the potential new areas of taxation could not be properly explored. The field level officers, being over burdened with the existing work load, cannot even give due attention to the assessee already admitted in the tax net. Due to this administrative inadequacy a great number of prospective assessee remain outside the tax net and those within the tax net find it easier to dodge the tax department, the net effect in both the cases is the same, i.e., the state exchequer is being deprived of revenue. In order to lessen the overall burden of tax on the common people there is no alternative except increasing reliance on direct taxes especially income tax. To build a self-reliant economy it is essential to introduce long term measures potent with farsightedness in the taxation policy right now. In order to achieve the budget target for income tax during the coming fiscal year and to meet the challenging need of increased internal resources in the years to come, some vitally important reorganization and reform measures in the income tax administration have been taken up this year. These measures include, among others, setting up tax offices in the newly created districts, division of the over-burdened taxes circles, creation of an independent and effective survey zone to identify new assessee, separation of Directorate of Training and Inspection in order to strengthen the inspection programme and to improve efficiency of the officers and staff, creation of some posts of Commissioners (Appeals) to meet the end of justice and reorganization of the Taxes Appellate Tribunal. It has also been decided to create two new posts of Members in the direct tax wing of the national Board of Revenue for effective control and management of the reorganized tax administration. This programme will be implemented in the coming financial year. It is hoped that the dynamism which will be generated through the administrative reorganization will result in collection of increased revenue from income tax and strengthening the role of income tax in the resource mobilization efforts in the years to come.

#### Other Direct Taxes:

##### Wealth Tax

31. At present a house valued up to 25 lakh taka is exempt from payment of wealth tax if the owner himself lives in the house. The great rise in value of even small and plain houses in the recent years makes this exemption limit somewhat inadequate. Therefore, the exemption limit of a house if the owner himself lives in it is proposed to be raised to 50 lakh taka.

##### Foreign Travel Tax:

32. At present Bangladeshis travelling abroad by air have to pay foreign travel tax at the rate of 12.5 percent of the fare subject to a minimum of 250 taka and maximum of 2000 taka. For air travel to SAARC [South Asian Association Regional Cooperation] countries, this tax is realized at the fixed rate of 500 taka. The present rates of foreign

travel tax seem somewhat burdensome to the travelling public. In order, therefore, to make the tax rates fair and reasonable, it is proposed to impose this tax at the rate of 10 percent of the fare, but subject to a minimum of 250 taka and maximum of 1500 taka. For travelers to SAARC countries the maximum rate will remain unchanged at 500 taka. Likewise, for foreign travel by land it is proposed to fix this tax at 150 taka per traveller in place of the present 250 taka and for travel by sea at 500 taka in place of the present 800 taka.

Mr Speaker, Sir,

33. Revenue collected through taxation is the main moving force of an economy. The tax payers deserve due recognition from the society for the sacrifice they make for greater national interest by way of paying tax dues. It is our duty as a self-respecting nation to place the tax payers in social esteem. With this end in view, it has been decided by the Government to introduce a system of declaring the Very Important Persons [VIP] (Income Tax) in the coming financial year. Under this scheme ten assesseees will be selected for declaring them as VIPs. But the assesseees having a record of tax delinquency or tax paid by them falls short of specified amount or who are defaulters to scheduled banks including development finance institutions, shall not be considered eligible for being VIPs under this scheme.

#### Import Duties:

Mr Speaker, Sir,

34. In formulating the budgetary proposals relating to import duty for the coming year the important principles followed are:

- (a) simplification of the import duty structure;
- (b) reduction of duty on some items of common use;
- (c) assistance to post-cyclone and post-flood rehabilitation and reconstruction efforts;
- (d) improvement of communication systems of the country;
- (e) rationalization of import duty structure by removing anomalies;
- (f) protection of the legitimate interests of domestic industries;
- (g) encouragement to education, research and health services; and
- (h) augmentation of revenue and prevention of misuse of foreign exchange.

35. Measures adopted to simplify the import duty structure are expected to ease revenue collection and make the tariff structure easily understandable to the tax-payers. At present imports are subject to a number of different taxes, such as, customs duty, development surcharge, regulatory duty in some cases, and sales tax at various rates. This multiplicity of taxes not only hinders smooth revenue collection efforts but also confuses the tax-payers. To put an end in this situation, it is proposed that development surcharge and regulatory duty be withdrawn. In addition, with effect from 1st July a uniform rate of Value Added Tax, will replace Sales tax. The resultant loss of revenue

will be compensated by raising the rate of customs duty by ten percent on all imported goods except a few.

36. Measures adopted to help reconstruction and rehabilitation efforts, following the recent cyclones, tidal-bores and floods, are as follows:

(a) Corrugated iron sheet is used in building low-cost housing for low income groups. On this consideration the present rates of customs duty including development surcharge of 58 and 28 percent respectively on C.I. sheet and its main raw material BP/MS sheet, are proposed to be reduced to 50 percent and 20 percent respectively. On the same consideration it is proposed that rates of customs duty including development surcharge of 18 percent and 38 percent on pig iron and MS billets respectively be reduced to 10 percent and 30 percent respectively.

(b) In order to bring down the prices of aluminum utensils the present rates of customs duty including development surcharge of 18 percent on aluminum scraps and 38 percent on aluminum sheets, plates and 38 percent on aluminum sheets, plates and circles are proposed to be reduced to 10 and 30 percent respectively.

(c) With a view to strengthening cyclone forecasting and fore-warning system it is proposed to reduce the present rate of 28 percent of customs duty inclusive of development surcharge on weather forecasting equipments to 10 percent.

(d) On sheet piling an item used for building roads and bridges, particularly in the tidal-bore prone areas-customs duty is proposed to be reduced from 100 percent to 60 percent.

37. With a view to reducing customs duty on some items of common use the following proposals are made:

(a) Customs duty on hand sprayers for agricultural use, electric smoothing iron and its heating elements and artists brush, will be reduced from 100 percent to 75 percent.

(b) Customs duty on some fresh fruits not produced in the country, glass bangles and imitation jewelleryes will be reduced from 100 percent to 75 percent.

(c) Duty on feeding bottles, margarine, a substitute for butter, and cotton braided electric cables will be brought down from 100 percent to 60 percent.

(d) Duty on base metal fittings and mountings for furniture, door, window, suitcases, and bags, shall be reduced from 100 percent to 75 percent.

38. Efficient road transport and telecommunications systems are essential infrastructures for development. To assist this sector, the following measures are proposed:

(a) In order to ease the present pressure on the transport system, the current rate of 18 percent of customs duty including development surcharge on autorickshaw engines up to 125 c.c. is proposed to be reduced to 10 percent.

(b) Most automobile parts are now assessed to duty at the rate of 100 percent. This high duty rate has encouraged

import of low quality parts and smuggling of automobile parts. In order to avoid this, reduction of duty on automobile parts from 100 percent to 75 percent has been proposed:

(c) Efficient telecommunications boost economic development and encourage foreign investment. On this consideration, it is proposed to reduce duty on polyester foil and petrojel, essential raw materials of telephone cable manufacturing industry, from 100 percent to 40 percent. Besides, duty on digital and analogue telephone exchanges are proposed to be reduced from 100 percent to 20 percent and on PABX exchange from 100 percent to 50 percent.

39. The following measures are proposed with a view to removing anomalies in the customs duty structures:

(a) At present customs duty at the rates of 20, 30, 50 and 100 percent are levied on different types of paper and paper boards. Variation of rates on similar products encourages tax evasion through misdeclaration. In order to remove this anomaly, it is proposed to impose customs duty at the uniform rate of 75 percent on all papers and paper boards except papers used in the diagnosis of diseases, cigarette paper and wall paper. This measure will also be an incentive to the local paper manufacturing industries.

(b) Metalized zari and lumi lurex yarn are similar products and have identical use. Presently these two products are liable to customs duty including development surcharge at the rates of 58 percent and 28 percent respectively. With a view to removing this anomaly both these items are proposed to be subjected to a uniform rate of 60 percent.

(c) Duty on ball point ink is proposed to be revised to 75 percent from 50 percent to bring it at par with other writing inks.

(d) The existing rates of customs duty including development surcharge of 18 and 28 percent respectively on paper cups and glass bottles used in the manufacture of food and drinks are proposed to be revised to a uniform rate of 30 percent. In order to discourage use of plastic, duty on plastic cups is proposed to be enhanced from 50 percent to 60 percent.

(e) In order to rationalize duty on brass sheet and brass strip it is proposed to enhance duty on brass sheet from 28 percent (with DSC) and fix the rate of 40 percent on both these items.

(f) By increasing the rate of 18 percent of customs duty including development surcharge on natural strings and reducing the rate of 158 percent on artificial strings both these items, used in tennis and badminton rackets, are proposed to be subjected to a uniform rate of 60 percent.

(g) In order to rationalize the rates of duty on raw cotton and cotton linter, it is proposed that the present duty exemption on cotton linter be withdrawn and a duty of 5 percent levied thereon.

(h) On stainless steel pipe the present rate of 28 percent of custom duty including development surcharge will be revised and fixed at 40 percent, the rate applicable on steel rods.

(i) The rates of duty including development surcharge of 38 and 58 percent leviable on various types of resins will be revised to a single rate of 40 percent.

(j) The rates of duty including development surcharge of 28 and 58 percent leviable on various types of surface active agents will be revised to a single rate of 40 percent.

(k) All varieties of base metal electrodes will be subjected to a uniform rate of 75 percent instead of the present two rates of 30 and 100 percent.

40. The following proposals have been made with a view to protecting the legitimate interests of local industries:

(a) Potassium chlorate, manganese dioxide and red phosphorus are essential raw materials for match manufacturing. It is, therefore, proposed to reduce the present rate of 58 percent customs duty including development surcharge to 40 percent.

(b) For protecting the domestic forest resources, it is proposed to reduce duty on wood veneers, an import substitute of wood, to 30 percent from the existing rate of 58 percent (inclusive of development surcharge).

(c) Customs duty of various rates from 10 percent to 100 percent on industrial moulds and dice are proposed to be reduced and made uniform at 10 percent.

41. The present government is committed to improve and modernize education system through scientific research. Simultaneously, essential medical services have to be made easily available to the people. To achieve these objectives, I propose the following measures:

(a) A number of new items will be added to the list of scientific instruments and equipments and subjected to a duty rate of 10 percent.

(b) Customs duty including development surcharge levied at the rate of 28 percent on pencil slat is proposed to be reduced to 20 percent.

(c) Custom duty including development surcharge levied at the rate of 58 percent on calculating machines is proposed to be reduced to 30 percent.

(d) Duty rates of 20 percent and 100 percent respectively on E, C, G recording paper and Ultrasonogram recording paper are proposed to be reduced and unified at 10 percent.

(e) Some essential items for use with kidney dialysis machines, in cardio-vascular and orthopedic surgeries are now charged at various rates of customs duty. It is proposed to reduce these rates and made uniform at 10 percent.

(f) The present rate of 28 percent including development surcharge on imported medicines is proposed to be



reduced to 10 percent. At present customs duty including development surcharge are levied at the rates of 18 and 28 percent on various pharmaceutical raw materials. It is proposed to bring down these rates to 10 and 20 percent respectively. There will be no adverse effect on the retail prices of medicines; even after Value Added Tax is imposed at the import stage on medicines and pharmaceutical raw materials presently exempt from sales tax:

(g) Medicines which are now fully exempt from customs duty will continue to be exempt from duty and will not be subject to VAT.

42. Revenue augmentation and judicious use of hard-earned foreign exchange are important preconditions for development. Considering these, I propose the following measures:

(a) Powdered milk imported in bulk is generally used in the preparation of sweets. On the other hand, condensed milk is not an essential consumer item despite this, large import of these two items discourage local milk production and livestock development. It is, therefore, proposed to revise present customs duty including development surcharge on these two items from 28 percent to 40 percent. However, customs duty including development surcharge on powdered milk imported in tin cans up to 2.5 kilogram, used as baby food, will be reduced from 23 percent to 20 percent.

(b) Present customs duty including development surcharge on unrefined palm oil and unrefined soyabean oil is 38 percent. Although there is adequate facility in the country to refine crude soyabean oil, facility to refine palm oil is insufficient. On the other hand, international market price of crude palm oil is much lower than that of crude soyabean oil. On these considerations, it is proposed to revise the rates of duty on unrefined soyabean and palm oil to 40 percent and 50 percent respectively. It is expected that this measure will not affect adversely the retail prices of edible oils.

(c) Exemption of customs duty on beverage concentrate and crown corks is proposed to be withdrawn and customs duty of 30 percent imposed there on.

(d) To arrest widespread misuse of VCP/VCR components, it is proposed to enhance customs duty on some of these items from 30 percent to 75 percent.

43. The following measures aim at increasing efficiency of local industries and discouraging investments in undesired sectors:

(a) Duty of pilfer proof caps will be reduced from 100 percent to 75 percent.

(b) The present duty of 150 percent on built-up air-conditioners up to three b.h.p. and that of 100 percent on air-conditioners above three b.h.p. are proposed to be unified and fixed at 100 percent and all CKD air-conditioners and their parts are proposed to be subjected to a duty of 75 percent.

(c) Duty on white cement will be fixed at 75 percent instead of the present rate of 100 percent.

(d) All imported lifts will be charged to duty at the rate of 10 percent instead of the present rates 20 and 50 percent charged respectively on CKD and CBU lifts.

(e) Neutral glass tubes imported for the manufacture of glass ampoules now fully exempted will be subjected to a duty of 10 percent. At the same time the rate of customs duty on glass ampoules will be enhanced to 30 percent from the present rate of 18 percent including development surcharge.

(f) Customs duty including development surcharge of 58 percent on fork lifts, used primarily by industries, will be reduced to 20 percent, and

(g) Duty of 50 percent on CKD refrigerator and deep freeze will be enhanced to 75 percent and on parts reduced from 100 to 75 percent.

44. Special concessions of customs duty allowed illogically to certain importers are proposed to be withdrawn and same rate of duty will be charged from all importers of the same commodity. With this purpose imported rock phosphate and rock sulphur will be fully exempt from duty for all importers. Aluminum sections, angles used for the manufacture of doors and windows will be subjected to a single rate of duty of 40 percent for all importers. Presently, plastic sheets are subjected to 30, 50 or 100 percent rates of duty for different importers. Instead of all these rates, a single rate of 75 percent will be applied irrespective of who is the importer. Similarly the present rates of 30 and 100 percent on unrecorded audio and video tapes will be made uniform and fixed at 60 percent.

45. Those of our nationals who work abroad and earn foreign exchange often want to import gold bullion for the marriages of their children. Besides, some countries which impose restrictions on the remittances of foreign exchange do not impose any ban on the taking out of gold bullion. Because of the present total ban on the import of gold bullion such passengers encounter harassments. With a view to removing this, passengers returning after a continuous stay of not less than three months shall be allowed to import gold bullion up to 200 grams on payment of a duty of 100 percent ad valorem. The present facility of importing gold jewelry up to 100 grams in weight without any duty and taxes will continue. Besides, the present rate of 50 percent of duty including development surcharge on items importable under the Baggage Rules will be reduced to 40 percent. However, additional concession of duty and taxes for purchase of these items from the duty-free shop on the Bangladesh Parjaton Corporation will be discontinued.

46. With a view to ensuring quick assessment and preventing undervaluation, the values of goods subject to tariff values, are proposed to be refixed in line with the prevailing international market prices. Tariff Values for some new items are also proposed to be fixed.

#### Excise Duty:

Mr Speaker, Sir,

47. I have already stated that, Value Added Tax (VAT) will be introduced from the 1st of July 1991. This tax will be levied, as a substitute for excise duty, on most of the goods and services which are now subjected to excise duty. It may be mentioned here, at the import stage, Sales Tax will be abolished and VAT will be levied and collected in its place. However, for some initial administrative difficulties, a few selected commodities, such as, tobacco products, natural gas, petroleum products, etc., and also a few "services" will continue to remain within the purview of excise duty for the time being. I will now present the proposals relating to excise duty.

48. Presently, there are six different specific rates of excise duty on natural gas, depending on its varying uses. There has been no change in the rate since 1st of July 1989, although prices of its substitutes have in the meantime increased substantially. Natural gas is a large and well-organized sector. In this background, considering the need to rationalize the excise duty structure of natural gas and for generating additional revenue, it is proposed to raise the excise duty on gas used in the production of fertilizer and power by five percent and in other cases, by ten percent of the existing rates. Due to these proposed increases, the price of natural gas will increase by an average of about less than five percent at the consumer level. The enhanced rates of excise duty on gas will take effect from the 1st of July 1991.

49. Multiple excise duties currently leviable on the banking and financial sectors are causing difficulties in collection and stated to be adversely affecting national savings. In order to bring about administrative simplification and to lessen the effects of such multiple taxation, it is proposed to withdraw the excise duty presently levied on bank cheques and on the loans disbursed and investments made by banks and other financial institutions. At the same time it is proposed to exempt bank accounts having a maximum deposit of taka five thousand at any time in a year. From next year, excise duty at the rate of taka 120 per account per year is proposed to be levied on such bank accounts which will have balance (credit or debit) exceeding taka 5,000 but not exceeding taka 1,00,000 at any time in a year, and on bank accounts having balance (credit or debit) exceeding taka 1,00,000 at any time in a year, excise duty at the rate of taka 200 per account per year is proposed to be levied. The incidence of the proposed duty will be borne by the comparatively affluent section of the society.

50. Presently, development surcharge at the rate of ten percent of the excise duty is leviable on most of the excisable goods and services. In keeping with the government's pledge to remove multiplicity of taxation and to simplify the duty structure, it is proposed to discontinue this levy of development surcharge with effect from 1st July 1991.

51. In the context of our cultural heritage, religious injunction and social values the government is rightly taking steps to discourage consumption of liquor and spirits. With this end in view, it is proposed to increase the rates

of duty on locally produced alcohol and spirits. Simultaneously it is also proposed to increase the licence fee charged on the trade dealing in alcohol and spirits.

52. Proposal for refixation of different fees under Motor Vehicles Rules, 1990 and Motor Vehicles Rules, 1984 has been brought to include in the budget of 1991-92. In this proposal the registration fees of motor vehicles, being used for personal purposes, has been suggested to bring down to some extent. While the registration fees of motor vehicles plying on hire, such as bus, minibus, truck, etc. has been suggested to be increased slightly. Besides, route permit fees of different category of vehicles, fees relating to driving licence excepting driving licence fee have been proposed to be enhanced.

53. So long the details of the increased as well as the decreased of the direct and the indirect taxes as a result of the tax and revenue proposals for the financial year 1991-92 has just been placed before the august House. The increase of revenue in case of Income Tax will stand at Tk 78 crore as a result of taking some new measures. Administrative reorganization and reform will yield an additional revenue of Tk 200 crore, while some welfare measures will lead to the decrease of revenue amounting to Tk 78 crore in this sector. Thus the net increase of revenue in the Income Tax sector amounts to Tk 200 crore. There will be a net increase of Tk 200 crore in Customs and Sales Tax. The Increase of revenue in Excise Duty will be Tk 50 crore. Newly introduced Value Tax (VAT) shall yield an additional collection of Tk 250 crore. The total collection of revenue on account of direct and indirect taxes is expected to stand at Tk 7,200 crore, which includes an additional revenue of Tk 700 crore. Out of this additional revenue of Tk 700 crore, Tk 450 crore will be realized as a result of the procedural amendment in the tax collection system, reforms and reorganization to the tax administration. Additional collection from newly proposed taxes will amount to Tk 250 crore only.

54. After nine years of blood shedding and supreme sacrifice of many valuable lives the country is posed for getting a budget presented by a popular and democratically elected government. In spite of various constraints, shortage of time and other limitations, efforts have been made throughout this Finance Bill to reflect, as far as possible, the political philosophy and socio-economic objectives set forth by the BNP Government. I firmly believe that the implementation of the new measures and the introduction of free market economy will create a socio-economic environment which will encourage efficient and productive economic activities.

55. At the outset of the budget I said that the main aim of our government is to create a society based on justice by strengthening the Bangladeshi nationalism. Our government, with its nationalistic attitude and in the light of our past administrative experiences, will create a self-reliant Bangladesh by formulating and implementing sound political economic and social principles. But I want to make it absolutely clear that we do not believe in an inward looking and narrow nationalism. Our nationalism is lively

and vibrant, which keeps space with the present-day economic situation and acknowledges the reality of regional cooperation and inevitability of international interdependence. By proper and priority based utilization of the resources, derived from internal and external sources, the ultimate aim of our government is to build up a self-reliant country, where democracy, rule of law, social justice, and a firm determination for the protection of human rights shall prevail.

56. Before I conclude my speech, I take the opportunity to remind this august House that we have a sacred commitment and sincere desire to ensure food, clothing, education, health and employment for every citizen of Bangladesh. To make our efforts a success and fruitful, the administration must be made corruption-free and the nation must be united. As a nation, we have to remain prepared for short term sacrifice for the sake of long term development. Inshallah, we shall be successful in achieving our goals.

### Reportage on Developments in Economy

#### Post-Budget Press Conference

91AS1256A Dhaka *THE NEW NATION* in English  
14 Jun 91 pp 1, 8

[Text] The Finance and Planning Minister, M. Saifur Rahman, declared the principal objectives of the national budget for the fiscal year 1991-92 were to achieve a self-reliant economy, reduce dependence on external assistance for national development, impose a drastic cut on unproductive investments and to promote free market economy.

Explaining the salient features of the proposed budget at a press conference at the Committee Room of the national Parliament yesterday he said the BNP [Bangladesh Nationalist Party] government would try to enlarge development outlays by mobilising fund for it from domestic resources.

Mr. Saifur Rahman said the contribution of the domestic resources to ADP [annual development program], which reached up to 60 percent during the tenure of office of late President Ziaur Rahman, slid down to 8 percent towards the end of the deposed President Ershad's rule.

The Finance Minister noted with satisfaction that during the fiscal year 1991-92 seven hundred crore taka [Tk.] would be realised as the additional revenue to find the next year's ADP.

Of this amount, two hundred fifty crore taka would be made available from additional taxes while 450 crore taka will be realised through adjustments in the tax collection procedure, as well as from reform and reorganisation of tax administration.

Giving the size of next year's ADP, Mr. Saifur Rahman said it had been set at 7,500 crore taka of which 6,435 crore taka would come from foreign aid and the remaining 1,065 crore taka would be mobilised from domestic resources.

Rebutting the opposition charges, the Finance Minister said the proposed budget would certainly give the nation a sense of direction to attain the national progress.

Finance Minister made it unmistakably clear that the present government would initiate measures to accelerate the tempo of rural development. With this end in view priority has been given to agricultural sector.

The Finance minister said additional allocations to agricultural and rural development would be considered after reappraisal of the budget. He said the Government would give due importance to mass literacy, health and village doctors and 'gram sarkers' for the overall development of rural population.

In reply to a question the Finance Minister stated redundant office set up under different ministries, divisions and departments would be done away with. He said LGRD [Local Government, Rural Development] Ministry had already been directed to reduce the size of upazila administration and bring it down to the barest minimum.

He, however, hastened to add that the upazila had become a reality and therefore it could not be annulled.

In reply to a question Mr. Saifur Rahman said "it is better to maintain price stability than to go for a pay hike." He, however, went on to add that the Government was not oblivious of the Pay Commission's report.

Dwelling at length on the provision made in the budget to reduce the period of tax holiday from the year 2000 to 1996, the Finance Minister said it was done for the purpose of evaluation—an exercise, usually done every five years.

He said the tax holiday period was reduced to maintain flexibility so that the next steps would be taken properly after evaluation.

The Minister told a questioner that there was virtually no increase in defence allocation. What was shown as increase was actually to cover up the impact of inflation.

In response to a question the Finance Minister confessed that smuggling could not be stopped completely. He, however, added this could be checked only by means of adjustments of tariff structure to discourage outflow of imported as well as local commodities.

The Minister said that he stood for a national debate on the operation of the losing industrial units as well as utility services in the public sector.

On the question of black money, the Finance Minister confessed it was difficult to quantify it. But if Tk. 200 crore additional income tax, as envisaged in the budget, can be realised, one can assume it is around 600 crore taka.

Asked about his party commitment to eliminate corruption, he confessed that corruption could not be weeded out by enacting laws. We want to do away with it by patronising free economy, competitive environment and decontrol supported by administrative and legal measures.

### Amended Bill Passes

91AS1256B Dhaka THE BANGLADESH OBSERVER  
in English 1 Jul 91 pp 1, 10

[Text] The Jatiya Sangsad on Sunday night passed in an amended form the Finance Bill, 1991 to give effect to the financial proposals of the Government and to amend certain laws, reports BSS.

Piloted by the Finance and Planning Minister, Mr. Saifur Rahman, the Bill will come into force from 1 July 1991.

Shortly before the passage of the Bill the Opposition members led by Leader of the Opposition, Sheikh Hasina, were found staging a walkout without announcement.

Later, Sheikh Hasina told newsmen in the lobby that they had walked out in protest against non-acceptance of their proposals for withdrawal of taxes and duties on the essentials. She said she could not make announcement of walkout because the microphone was not given to her.

The House rejected all the amendments of the Opposition members to elicit public opinion on the Finance Bill, but it accepted two amendments moved by Treasury Bench member from Bogra Azizul Huq Molla.

The Opposition Jatiya Party members led by Mr. Moudud Ahmed also walked out earlier protesting against the budgetary provisions which, he said, failed to reflect the hopes and aspirations of the people and to streamline the tax administration and wipe out corruption. They, however, did not return to the House.

Winding up the debate on the Finance Bill, 1991, the Finance Minister told the House that the 'VAT' (Value Added Tax) will be introduced. The VAT system will stay, he said adding that if there was any problem in implementing this, the Government would make efforts for removal of the problems.

Terming the VAT system as most progressive and modern, Mr. Saifur Rahman said it would help bring about self-reliant development in the country. This system, which has been introduced in neighbouring India, Pakistan and several other countries, will also help curb evasion of income tax, he added.

Finance and Planning Minister M. Saifur Rahman on Sunday night announced the withdrawal of proposed 10 percent excise duty on domestic gas, reduction of duty on ball point pen ink to 60 percent from 75 percent and on aluminum ingot from 20 percent to 10 percent, reports BSS.

Speaking on the Finance Bill in the Jatiya Sangsad, the Finance Minister also announced the reduction of tariff value on chilly Taka 20 thousand per ton from Taka 5 thousands. He further said that the proposed compulsory investment of 20 percent of the exempt income in the purchase of government bond or security by an industrial company has been reduced to 10 percent.

He said the duty on petrol-driven jeeps above 2,000 cc has been raised from 60 percent to 75 percent to make up the revenue losses because of withdrawal and reduction of duties.

The Finance Minister pointed out that he took these measures in deference to the wishes of the Leader of the House, Leader of the Opposition, members of Parliament and the members of the Public.

Defending the VAT system, the Finance Minister emphatically said it was a relatively more progressive system than other procedures. The introduction of VAT system would definitely plug the holes in evading taxes by taxable people, he added.

He, however, pointed out that the Government would certainly review and consider the VAT system if any difficulty or problem arose in implementing it in any sector, he dispelled the apprehension that the cottage industries would be severely affected by the VAT system. "We are quite aware that a large number of people are involved in cottage industries of our country. We will immediately suspend its application if difficulty cropped up in its implementation there," he assured.

Mr. Saifur Rahman further said some people were harbouring the misconception that the cold storage was meant only for potatoes.

Refuting the Opposition charge that the Budget for 1991-92 had no sense of direction, he said it was simply a traversery of truth. In fact, the budget had a definite sense of direction, he said the Budget had laid much emphasis on the establishment of accountability at all levels of the government and restoration of discipline in Government financial management.

### Cost-of-Living Rise

91AS1256C Dhaka THE BANGLADESH OBSERVER  
in English 1 Jul 91 pp 1, 10

[Text] The cost of living recorded a rise by 18.32 percent during the year 1990-91 while the prices of different commodities have risen by 15.77 percent during the same period.

A survey conducted by Consumers' Association of Bangladesh (CAB), revealed that the cost of living and prices of different commodities have shown an upward trend following increase in the expenditures of house rent, fuel, cloths, and edible oil. The prices of rice, egg, tea, sugar, salt and soap were relatively less compared to other commodities during the last fiscal year, the CAB survey revealed further.

During the period the prices of vegetables and spices increased moderately while the prices of different essentials have marked a steady rise during the period of last July-December. Meanwhile, the prices have risen by 4.91 percent during the month of January-June, the survey disclosed.

The CAB survey unveiled that a section of profit mongers raised the prices of different commodities taking the



advantage of Gulf crisis, democratic movement, increase in the price of fuel, Ramazan and cyclone, etc. The survey further revealed that there was no variation in the prices of various essentials at the peak of the democratic movement.

The following percentage of increase in the prices of various commodities mentioned against each item.

Fuel by 41.26 percent, clothes by 30.48 percent, house rent by 20.59 percent, vegetables by 16.80 percent, oil by 16.65 percent, fish by 13.57 percent, rice by 9.07 percent, crushed wheat and flour by 8.49 percent, milk by 13.44 percent, spices by 13.42 percent, meat by 12.73 percent, pulse by 12.46 percent, rice by 9.07 and other commodities by 7.14 percent and egg by 4.61 percent.

During the last financial year the prices of green chili and sugar have registered a fall by 18.58 percent and 16.21 percent respectively.

### Bank Reports Balance-of-Payments Deficit

91AS1264A Dhaka THE NEW NATION in English  
22 Jun 91 pp 1, 8

[Article by Enayet H. Khan]

[Text] The balance of payments of Bangladesh for financial 1989-90 shows an overall deficit of Taka[Tk.]8,073 million.

According to Bangladesh Bank, the deterioration in the overall balance by Taka 8,277 million over the previous year was mainly accounted for by an increase in deficit on current account by Taka 4,246 million and by a decrease of Taka 2,852 million in the net inflow of capital.

The position under major heads of balance of payments for the year 1989-90 are: merchandise trade balance deficit Tk. 62,324, services deficit 16,051, unrequited transfers, private transfers and official transfers surpluses Tk. 51,577 million, Tk. 26,312 million and Tk. 25,265 million respectively. The current balance deficit is Tk. 26,798 million and overall balance deficit is Tk. 8,073.

The balance of merchandise foreign trade recorded a deficit of Tk. 62,324 million in the year 1989-90 as compared with a deficit of Tk. 56,688 million in 1988-89. The increase in deficit to the tune of Tk. 5,636 million over 1988-89 was the result of an increase of Tk. 13,404 million in import payments partly offset by a rise of Tk. 7,768 million in export receipts.

The merchandise trade balance deficit in 1989-90 was Tk. 62,324 million.

During the year 1989-90 export earnings stood at Tk. 48,929 million. Earnings from jute manufacturers Tk. 10,130 million and from raw jute Tk. 3,707 million or 28.3 per cent of the total export receipts.

Major commodities of export earnings during the year were: jute manufactures Tk. 10,130 million, raw jute Tk. 3,707 million, newsprint Tk. 122 million, hides and skin including tanned leather Tk. 5,489 million, fish Tk. 5,595 million, tea Tk. 264 million, readymade garments Tk.

19,492 million, fertilizer Tk. 512 million, naptha, furnace oil and bitumin Tk. 551 million and other commodities Tk. 2,172 million.

According to statistics, the United States was the largest buyer of goods from Bangladesh during the year for an amount of Tk. 15,229 million or 31.1 per cent of the total exports. Other major countries were: Italy Tk. 3,133 million (6.4 per cent), United Kingdom Tk. 3,100 million (6.3 per cent), Germany Tk. 2,425 million (5.0 per cent), Japan Tk. 2,071 million (4.2 per cent), Singapore Tk. 2,070 million (4.2 per cent), USSR Tk. 1,891 million (3.9 per cent), France Tk. 1,494 million (3.1 per cent) and Switzerland Tk. 1,380 million (2.8 per cent).

On the other hand imports stood at Tk. 111,253 million in the same year as compared to Tk. 97,849 million in the previous year.

Of the total imports during the year under review, imports financed by cash including barter, special trade and WES amounted to Tk. 73,186 million while those under the loans/credits and grants amounted to Tk. 17,013 million and Tk. 21,054 million respectively.

The deficit on the services account increased from Tk. 14,578 million during 1988-89 to Tk. 16,051 million during the year 1989-90 shows a deterioration of Tk. 1,473 million over previous year.

The payments stood at Tk. 30,742 million in the year 1989-90. It was Tk. 27,135 million in 1988-89 and it shows an increase of payment of Tk. 3,607 million.

The unrequited transfers recorded a net inflow of Tk. 51,577 million in 1989-90 which was Tk. 48,714 million in 1988-89.

Receipts under 'private transfers' during the year under review amounted to Tk. 26,312 million and under 'official transfers' at Tk. 25,265 million.

The capital inflow during the year under review stood at Tk. 21,224 million as against Tk. 224,076 million over the previous year.

The decrease in net inflow of capital by Tk. 2,852 million was due to decreased inflow under long-term capital by Tk. 855 million and an increased net outflow of Tk. 1,996 million under short-term capital.

The reserve position at the close of 1989-90 showed a net deterioration of Tk. 8,073 million. Due to a net deterioration of Tk. 8,679 million on the Bangladesh Bank account, partly offset by a net improvement of Tk. 606 million on Deposit Money Banks accounts.

The convertible foreign exchange reserve held by the Bangladesh Bank decreased by Tk. 13,650 million during the year under review. There were no drawings from the IMF during the year under review, repurchases equivalent to Tk. 2,551 million, Tk. 777 million and Tk. 1,643 million were effected under the stand by arrangement, the EFF and the CFF [expansions not given] respectively.

### Survey Predicts Domestic Output Decline

91AS1263A Dhaka THE NEW NATION in English  
28 Jun 91 pp 1, 8

[Text] Domestic production is likely to decline by 60 percent during the first year (1990-91) of the Fourth Five-Year Plan mainly due to large-scale destruction of human resources, livestock, fish resources, crops, mills and factories, water resources, power, dwelling houses and other installations in country's southern region by the recent cyclone and tidal surge.

According to Bangladesh Economic Survey, the total domestic production for the year is estimated to be 3.60 percent against the targeted 4.20 percent compared to last year's 5.84 percent.

The food production is likely to be increased to 192.30 lakh metric tons during the current year against 187.47 lakh metric tons marking an increase of 4.93 lakh metric tons or 2.58 percent compared to last fiscal.

Jute production fell by two lakh bales during the current year compared to last year while sugarcane output increased to 83.86 lakh metric tons against last year's 74.23 lakh metric tons.

According to preliminary estimates, the growth rate in agri sector was estimated to be 4.0 percent. But to colossal loss caused to agriculture sector, the growth rate may come down to 2.43 percent against last year's 5.6 percent.

On the other hand, industrial production has declined by 0.85 percent during 1990-91 on an average compared to the period of July-March of last year. But it is expected that overall growth rate in industrial sector will rise to 7.86 percent compared to the last fiscal. But the growth rate in this sector during last year was 8.35 percent.

The growth rate in power, gas and water resources were estimated to be 5.72 percent against last year's 16.69 percent while the growth rate in construction sector was estimated to be 5.10 percent against 9.04 percent of last year.

The growth rate in transport and communication, commerce, service, house-building and public service will be 5.32 percent, 3.64 percent, 3.50 percent and 1.08 percent respectively during the current year against 6.0 percent, 5.30 percent, 3.41 percent and 3.36 percent of last year.

### Paper Reports Import Policy for 1991-92

#### Commerce Minister Explains

91AS1257A Dhaka THE BANGLADESH OBSERVER  
in English 1 Jul 91 pp 1, 10

[Text] The import target for fiscal 1991-92 has been fixed at Taka 9,500 crore (about 2,639 million U.S. dollars), showing an increase of Taka 500 crore from last year, reports BSS.

Announcing the biennial import policy of the new Government over radio and television Sunday evening Commerce Minister M. Keramat Ali said, of the total amount

Taka 6,450 crore has been earmarked for the private sector, while Taka 3,020 crore for public sector, Taka 30 crore has kept reserved to meet expenses for special imports.

The Minister said one of the important features of the new import policy was allocation of 55 percent of the fund to industry. Allocations to commercial and petroleum sector are 27 and 18 percent respectively.

He mentioned that actual import of the outgoing fiscal year was likely to reach Taka 7,523 crore.

Mr. Keramat Ali said the policy had been framed to ensure sufficient availability of essentials and induce investment in production oriented industry and creation of jobs. It is also intended to boost farm production, setting up of agro-based industries, priority to export oriented industries and adoption of modern technology.

Mr. Ali said efforts had been made to make the policy more dynamic and clear-sighted. The formalities had been drastically curbed to facilitate all users, he added.

Earlier the import policy was approved by the cabinet meeting, presided over by the Acting President.

Dwelling on the salient features of the next year's import policy, the Minister announced a package of incentives for the importers in the industrial sector. Under this facilities the ceiling for importing capital machineries up to Taka 10 lakh on commercial basis have been withdrawn for accelerating industrialisation of the country. For proper utilisation of the earnings of expatriate Bangladeshis in industrial sector, facilities have been extended to them for importing raw materials and wrapping materials in addition to capital goods and machinery to be used in registered industrial enterprises on the basis of direct payment abroad.

The Minister mentioned that import policy had also made provisions for the development of the export-oriented industries.

The facilities include waiving of import restrictions on spare parts for export-oriented automatic umbrella industry.

Under the new import policy registration and renewal fee have been revised keeping the interest of the newcomers and the small importers in place of the existing flat charge of Taka 2,000 as preliminary registration fee and an equal amount for renewal.

Referring to some steps taken in the policy for the protection of public health and preservation of environment, the new policy directs that all containers of pesticide must bear all information and warning in clear language. Cream powdered milk could be imported only in tinned container.

The total import of old cloths has been kept at Taka 15 crore and that each importer will have a quota of Taka 50 thousand. The import of coal has been made open to facilitate brick burning and preservation of environment.

The Government has fixed import target of maximum of 2.75 lakh metric tons of non-refined edible oil. The ceiling has been imposed to stop smuggling of soybean oil in past years. Implementation of the new ceiling of edible oil will be ensured through monthly review meeting of the Import Monitoring Committee.

Similarly, to restrict unabated import of pea (Matar), customs duty on pulse has been refixed. It is hoped that the new measure would contain smuggling and encourage import of masur (lentils).

The minister proposed that a portion of duty imposed on powdered milk will be given to a fund for the promotion of local dairy. Part of the investment of Krishi Bank and Grameen Bank will be made to this fund for dairy promotion. He said Government will ask for free powdered milk from EEC and other countries and the sale proceeds will go to the dairy fund. He said quality milking cow will be procured from that fund (dairy fund) and will be given to the farmers without interest and at easy terms. This, the Minister hoped, would help the country attain self-sufficiency in milk.

Under the new import policy of the 16 lakh tons of cement would be imported annually. The private sector and TCB [Trading Corporation of Bangladesh] will share the amount equally.

The Government has decided to restrict indiscriminate import of unnecessary and undesirable books and periodicals with the two goal of preserving national culture and heritage and promoting local publishing industry.

d that biennial export and tea policy for fiscal 1991-92 and 1992-83 will be announced soon.

### Highlights of Policy

91AS1257B Dhaka THE BANGLADESH OBSERVER  
in English 1 Jul 91 pp 1, 10

[Text] The highlights of the biennial import policy (1991-92 and 1992-93) announced Sunday by the Commerce Minister are:

Coming import policy would be biennial and there would be no alternation, change and revision unless it became indispensable in the national interest.

Announcement of following import facilities to encourage industrial investment.

Annuling the provision of obtaining clearance for I.R.C. [expansion not given] department for carital machineries withdrawal of the ceiling of Taka 10 lakh for import of capital machinery on commercial basis.

Abolishing provision for obtaining prior permission from import-export department to import old and reconditioned machinery valued at over Taka 35 lakh. But in this case a surveyor report regarding economic longevity of over 10 years should have to be submitted.

Special facilities for encouraging Bangladeshis abroad to invest their foreign exchange for industrialisation.

Introduction of the provision for clearing imported machinery for far flung areas of the country directly by the customs authorities without K.P.L.C.A. [expansion not given] fees.

C and F price for black printing inks has been fixed at Taka 10 per pound for newspaper industry and taka 24 per pound in other cases to encourage production of local inks for printing industries.

Banning import of colour printing inks up to Taka 2.50 U.S. dollars.

Permission for importing industrial raw materials relating to the food grade Vitamin "A", "D" and "enzyme" without approval or recommendation of any authority.

Following facilities are being provided for development of export oriented industries.

Withdrawal of various restrictions on import of spares for protecting the interest of local umbrella industries.

Abolishing of the provision for obtaining formal no-objection letter from Export-Import Department for waiving L.C.A./I.P. [expansion not given] fees on import of capital machinery for export oriented industries.

- Refixation of registration fee and annual renewal fees for importers at rational basis for protecting the interest of small scale importers and exporters.
- Extension of import ceiling from Taka 50,000 to Taka 75,000 for getting exemption facilities of L.C.A./I.P. fees.
- Extension of facilities for professors, educationists and research fellows by allowing import of reference books, rare publications and research books under S.E.M. [expansion not given] to the tune of 2,500 U.S. dollars instead of existing 1,500 U.S. dollars.
- Ban on import of all kinds of industrial wastes having commercial value in the interest of protecting public health and ecological balance.
- Banning of import of full cream powdered milk under plastic packaging.
- Withdrawal of provision of obtaining no objection letter from Ministry of Industries under R and R basis for public sector importers.
- Provision for compulsory pre-shipment inspection for both private and public sector import of coal to ensure quality.
- Banning the import of "current net" having mesh-size bello 4.5 cm for protecting fish wealth.
- Waiving the restrictions of Taka 10 lakh ceiling for single import and Taka 50 lakh ceiling for team import by national flag carriers.
- Provision for clearance of gifts up to Taka 5,000 from relatives serving abroad without import permit.
- Withdrawal of the provision for obtaining clearance from Bangladesh Bank in case of import of commodities under F.O.B. [free on board] basis.
- Open import on raw materials for local rubber belting industries.

- Import of old cloths valued up to Taka 15 crore and each importer will be allowed to import cloths worth taka 50,000.
- The existing quota system for import of ready-made garments had been abolished and a rational quota system has been introduced.
- The highest quantity of import of edible oil for 1991-92 was fixed at 2.75 lakh tonnes instead of 5 lakh tonnes of previous year which will help prevent smuggling out of this imported item causing serious harm to the national economy.
- Creation of a special fund for attaining self-sufficiency in milk production in the country.
- Allowing import of 16 lakh tonnes of cement at the ratio of 50:50 by TCB and other commercial importers.
- Provision for keeping strict vigilance to halt import of unnecessary and unwanted books and magazines to stop infiltration of alien culture and protect national culture and heritage.

#### TFYP Failure Discussed in Parliament

91AS1250A Dhaka THE BANGLADESH OBSERVER  
in English 8 Jul 91 p 10

[Text] The overall target during the Third Five Year Plan (TFYP) period could not be attained. Finance and Planning Minister M. Saifur Rahman told Jatiya Sangsad Sunday, reports BSS.

In reply to a question from Mr. Nurul Islam Moni (Ind-Barguna), the minister ascribed the causes for non-attainment to slow growth in the agriculture sector due to natural calamities, resultant slow growth in the industrial sector, economic depression due to natural calamities, and low savings and investment due to downward trend in allocation in various sectors, stagnating demand for major items in the internal market and low production of export items including jute and jute goods due to slackening of their demand in the International market.

He said the main causes behind the fulfillment of target in the private sector were: depressing of demand in service and flood and natural calamities.

Besides, various obstacles and weakness existing in the current development process are also responsible for this, he said.

The Finance and Planning Minister said 29 obstacles in implementing TFYP had been identified.

They were: low level of productivity of workers, very low investment in the human resource development, lack in efficiency skill development, weakness in labour management, absence of industrial and infrastructural development in rural areas, limitation of internal market, lack of coordination in the production of input items like iron and cement and generation of power, lack of local initiative and effective central planning in pisciculture, poultry, livestock and horticulture etc., lack of adequate investment and related assistance in the weaving and sericulture industries, increase in poverty and shrinking internal

market due to unplanned growth in import, environmental pollution due to unplanned investment, harmful affect of world environmental pollution in Bangladesh, gross inefficiency of the credit-giving poor people, administrative inefficiency in distribution of development articles among the poor people, lack of people's participation in the central projects meant for poverty alleviation and failure of most of the projects, lack of coordination among the big development projects and its harmful affect on the economy, increase in dependence instead of self dependence of the poor people through the poverty alleviation programme taken by the central government, lack of policies on prices, income and wages in the economic activities, lack of revenue expenditure in continuation of completed projects, lack of accountability in the economic management, lack of people's participation in the family planning projects, weakness in framing laws, processing allegations and activities of consumers associations for checking rise of monopoly in private sector, lack of success in increasing risky and production-oriented investment by reducing unproductive and rent receiving investment in the private sector, deprivation of small farmers in getting fair prices of their produce because of the increase in the number of middlemen, project formulation and their implementation in rural areas by the central government without any coordination with the Upazila development activities, lack of proper administrative assistance in formulating and implementing various projects, inefficiency of administrative control in creating competition and efficiency in economy, lack of efficiency in implementing emergency projects during emergency time and formulation of effective projects to combat disaster and lack of effective political process in the field level to ensure people's participation in economic development.

Replying to supplementaries, Mr. Saifur Rahman said, agriculture and industrial sectors could not achieve target in the TFYP due to low investment in these sectors.

Pointing out the increase investment in both utility and construction sectors, the Finance and Planning Minister said, it was not a sound economic progress.

He stressed the need for more attention in the agriculture and industrial sectors.

He also called for making the government machinery more dynamic in respect of project identification, preparation, implementation and monitoring.

#### Report Explained by World Bank Representative

91AS1246A Dhaka THE BANGLADESH OBSERVER  
in English 9 Jul 91 pp 1, 10

[Quotation marks as published]

[Text] Mr. Christopher R. Willoughby, chief of World Bank Mission in Dhaka, on Monday stressed the need for restoration of financial discipline in the public utility companies in Bangladesh. Other important measures should include in the progress of collection of bank debt and creation of a sound credit system, he added.

Addressing a Press conference marking the release of World Bank's World Development Report 1991 at the



Mission's office on the day, Mr. Willoughby favoured rationalisation of the public sector enterprises and boards, elimination of investment controls, facilitation of the closure of chronic losing enterprises and other bankruptcy arrangements and renewed policies for privatization of public sector manufacturing enterprises.

Citing example of theft of electricity worth between U.S. dollar 100 and 150 million annually in Power Development Board (PDB) in the name of system loss, Mr. Willoughby said the nation has been held hostage in the hands of some thousand employees. Adamjee Jute Mills was cited as another example of white elephant in the public sector.

While giving few other examples of mismanagement in public as well as private sector enterprises, Mr. Willoughby said that the biggest contribution a government could make to its country's success in development by creating a well functioning competitive market. Without a well functioning competitive market, the other actions that a government need to take in support of development cannot be very effective, he maintained.

Talking about the World Development Report 1991, the World Bank Mission chief said that the report was based on examination of the experience of all developing countries over the last 30 years. The report has been termed the outcome of a year's work by the staff of the World Bank in Washington.

He had words of appreciation of the Budget speech of the Finance Minister Mr. Saifur Rahman, where special mention has been made of BNP [Bangladesh Nationalist Party] Government's commitment to dynamic market economy and reinvigoration of private sector. He had words of praise for some of government's steps including rationalisation of the public investment programme, resolution of a prolonged dispute between PDB and REB [Rural Electrification Board] over rural distribution lines and efforts to recover loans from long-standing defaulters. The introduction of Value Added Tax (VAT) is another important fiscal measure of the government, he said. Referring to opposition to such measures, he said that 20 years of regulation and protection and 10 years of autocracy had created many groups benefitting from privileges and favour inconsistent with the "national interest."

A government faced with such a situation has to take a strong lead directly reflecting the fact that it has a popular mandate and can for the first time for many years speak for the national interest, overriding all narrow sectional interests, he said. As the report said "governments committed to addressing their societies, problems have rarely lost power because of his determination. Mr. Willoughby, however, stressed the need for precision and definite reform measures to withstand sectional pressures. The projections into the future suggest that countries own policies will have greater impact on their development than policies of the industrialised countries, weighty though they may be in world trade, the report said. The right strategy for the developing countries is to invest in people including education, health and population control,

help domestic markets to work will be fostering competition and investing in infrastructure, liberalise trade and foreign investment and to avoid excessive fiscal deficits and high inflation, the report said.

Bangladesh is also on the way to gradually catching up on the huge backlog in investment in primary education and health. It however, requires development of a more competitive domestic economy and opening up to international trade and investment, Mr. Willoughby said.

Commenting on its four-point conclusion, the report identified the most fruitful interaction as that between efficient domestic markets and the global economy.

Regarding international trade which can have favourable impact on the dynamism of the domestic economy, Mr. Willoughby favoured steps including rapid phase-out of import bans and restrictions, sharp reduction in the protection of manufacturing industry and aggressive facilitation of direct foreign investment, specially in export industry.

The reforms affecting both domestic and international trade need to be introduced together since their effectiveness depends upon one another, he said.

If the reforms are sufficiently rapid and effective, many firms in both public and private sectors will suffer initially, he said. This is the inevitable consequence of the policies previously followed and in other parts of the world, now being almost universally rejected, he said. Some firms should fold, he argued.

Bangladesh is comparatively in good position to absorb these shocks because its garment industry has already demonstrated that its entrepreneurs and workers can be internationally competitive on a large scale, the World Bank mission chief said. There are more opportunities awaiting Bangladesh in international markets, he said. The alternative is to continue the almost total stagnation of the last decade in the sectors that should be providing Bangladesh's main sources of employment, he said. He also expressed his displeasure for failure of some of the disinvested enterprise to create base line of economic growth. Had there been no government's intervention Adamjee Jute Mills would have closed down much earlier! In that case the liability would have been much less, he said. Messrs Abed Hasan, Hafiz Uddin and Nijamuddin of the World Bank were also present.

## Reports, Comment on BCCI Bank Crisis

### Minister, Bank Explain

91AS1245A Dhaka THE NEW NATION in English  
9 Jul 91 pp 1, 8

[Article by Tapan Khan: "BCCI Racket Unearthed"]

[Text] Bangladesh Bank unearthed secret papers and clandestine correspondences from Dhaka branch of the Bank of Credit and Commerce International (BCCI) which exposed its involvement in unauthorised currency trafficking and smuggling out of country's resources.

The secret papers reveal that many big shots including deposed President Ershad, his gorgeous mistress Begum Marium Momtaz and some distinguished members of his Cabinet were engaged in currency racketeering. Besides his brother-in-law A.G.M. Mohiuddin, who reportedly dabbled in sex scandal with his maid-servant in his New York apartment, most diplomatically (he was made a diplomat by Ershad) smuggled out through BCCI a sum of 60 crore taka.

The papers have also brought into focus involvement of three local banks and one foreign bank in such underhand deals. The banks, allegedly involved in such unauthorised deals are Pubali Bank, Uttara Bank, Arab-Bangladesh Bank and IFIC Bank.

It is learnt from an authentic source that Dhaka branch of BCCI has 1765 crore 80 lakh and 16 thousand taka as liquidity deposit with Bangladesh Bank. Likewise three other branches of BCCI at Narayangonj, Chittagong and Khulna have 106 crore 98 lakh and 46 thousand taka as liquidity deposit with Bangladesh Bank.

Bangladesh Bank is learnt to have seized the amount to settle the account of the bank.

Bangladesh Bank is understood to have dispatched its representatives to four other banks involved in the racket with instruction to seize all papers relating to unauthorised transaction and currency smuggling.

The top executives of the four branches of BCCI have been summoned to Dhaka to meet the governor of Bangladesh Bank. Of them top bosses of Dhaka, Narayangonj and Chittagong have already made a dash to Bangladesh Bank for the fateful meeting. The Khulna executive is yet to turn up for the meeting with the governor.

Finance Minister Mohammad Saifur Rahman yesterday told parliament that the operation of the Bank of Credit and Commerce International (BCCI) in Bangladesh was suspended Saturday to protect the interest of the country as well as the depositors.

He made a brief statement following persistent demand from some members on the issue saying the government and the Bangladesh Bank already had clarified the matter through the national media in this regard. The head office of the bank in Abu Dhabi was duly informed about the claims of the bank branch in Bangladesh and kept informed about the government's decision, Mr. Rahman said.

The Finance Minister said he could not make any statement about the sudden seizure of the BCCI bank branch in Bangladesh "until such time the verifications" about the seizure of the bank branches in different countries were carried out.

In this regard he informed the House that similar actions of suspension of operation of the BCCI bank branches were already taken in Hong Kong, Manila and India.

Mr. Rahman assured the MPs [Members of Parliament] who expressed their concern that the bank branch has got its deposits with the Bangladesh Bank and also got its assets in Bangladesh.

#### BB Clarification

Bangladesh Bank yesterday denied that it had started the process of liquidation of the Bank of Credit and Commerce International (BCCI) in Bangladesh.

In a press release issued in Dhaka yesterday the Bank termed the press reports on it as "totally baseless and imaginary."

It, however, said that the Bangladesh Bank had appointed one of its senior officers as observer to monitor the affairs of BCCI so that interest on the depositors and other creditors could be protected within the norms of law.

It will continue to take all necessary measures to safeguard the interest of depositors and creditors of the BCCI, the press release said.

#### Bank Action Needed

91AS1245B Dhaka THE NEW NATION in English  
9 Jul 91 p 5

[Editorial: "BCCI Crisis and Bangladesh Bank"]

[Text] The BCCI crisis has hit Bangladesh in several ways and the matter calls for immediate remedial measures by the responsible authorities in the interest of the people of this country.

Following a directive by the Bangladesh Bank the operations of all the branches including the principal office of the Bank of Credit and Commerce International (overseas) BCCI have been suspended in Dhaka, Chittagong and Khulna since Saturday. As a result, clients of the bank are in great distress and anxiety.

It may be mentioned that BCCI is basically an international bank. Its controlling shares—77 percent in all—are held by the United Arab Emirates. Earlier, the controlling shareholders of the bank were Agha Hasan Abedi of Pakistan and an American bank. The bank with its registration in Luxembourg is controlled from Abu Dhabi.

It all began when the Bank of England suspended the BCCI operations and seized its dlsr 3.2 billion [as published] in assets in Britain on allegation of laundering money and complicity in drug trafficking. Bangladesh Bank sources pointed out such action was a part of normal regulatory activities to protect the interest of bank depositors and allow orderly conduct of banking business in a country.

However, a quarter close to the BCCI reportedly gave its reaction to the effect that in view of rapid expansion of the bank's world-wide operations an international conspiracy by a Zionist lobby had been active to create circumstances leading to the closure of the bank major shares of which are held by the Muslims in a country of the Middle East. It is

also alleged that there are other international banks, some controlled by the Jews, which are laundering money for unethical trade practices.

According to media reports, Bangladesh Bank failed to give satisfactory reasons for the suspension of BCCI operations. Bangladesh Bank sources, however, maintained that the action was necessary to protect the interest of the depositors and sundry creditors as far as possible. The BCCI's assets and liabilities in Bangladesh are being ascertained and the sooner it is done the better for the anxious and weary depositors.

The Bank of Bangladesh had earlier announced that the depositors will be allowed to withdraw "promptly" a sum of 60,000 taka. However, no concrete action has been taken in this direction. This is causing misgivings, besides perpetuating an atmosphere of uncertainty. It may be mentioned that, despite the international row, the BCCI depositors in Pakistan have been allowed to withdraw up to one lakh rupees. Some similar step must be taken by the Bank of Bangladesh promptly.

Further, there are a number of foreigners who are currently in Bangladesh and are holding traveller's cheque issued by the BCCI. Their desperateness in a foreign land can be understood. It is morally imperative that their traveller's cheques, especially those issued by BCCI in Bangladesh, must be encashed promptly, to the extent of 60,000 taka, as in the case of withdrawal for the depositors as promised by the Bank of Bangladesh.

### World Bank To Continue Aid

91AS1332A Dhaka *THE NEW NATION* in English  
11 Jul 91 p 1

[Text] The World Bank has committed to provide continued assistance to Bangladesh in view of fulfilment of most of the conditionalities by the present government.

The intention of World Bank to provide larger assistance in future was clearly manifested when Chief of World Bank resident mission in Bangladesh Christopher R. Willoughby spoke to the local press on the occasion of publication of the world development report recently.

The theme of this year's world development report is the challenge of development. The report has projected Bangladesh as a developing country striving for modest economic growth through appropriate policy measures.

The Resident chief, speaking on behalf of World Bank, has praised Government's measures to remove economic distortions and restore economic order through introduction of market economy. He, in this regard, stressed the need for reduction dependence on foreign aid and raising domestic resources through better harnessing of resources. He referred rationalisation of public investment programme, resolution of a prolonged dispute between Power Development Board (PDB) and Rural Electrification Board (REB) over rural distribution lines and measures to reduce spending on unproductive expenditure.

The Mission Chief noted that the efforts of the Government to recover huge bank loans from the defaulters in recent period were praiseworthy. More discipline in the financial sector should be restored to the benefit of both banks and the clients.

The Mission Chief said that reforms would be spelled out more concretely than before to apprise the donors of development taking place in the country.

The World Bank feels that all the concerned ministries and government agencies should pursue initiative to implement projects as per schedule of Annual Development Programme (ADP).

The World Bank had put special emphasis on human resource development, health and population control, education, infrastructural development, trade liberalisation, foreign direct investment, avoiding fiscal deficits and reducing inflation.

The deregulation of public sector industries and elimination of investment control and regulations and closure of the loss making enterprises have been suggested by the World Bank as conditions for getting future aid. Besides privatisation of public sector manufacturing industries had been recommended by the bank. The Bank suggests measures for rapid withdrawal of restrictions on import and sharp reduction in protection of manufacturing industry.

Commenting on Bangladesh's progress in the economic sector, the Bank said that the country is in a good position to absorb the shocks. It suggests to come out of stagnation and initiate new measures for generating domestic resources.

The World Bank had reportedly agreed in principle to co-finance Jamuna Multipurpose Bridge to facilitate communication between the northern and Eastern zones of the country. The Bank is not likely to pledge any fund for the project until it is finalised.

It is learnt that World Bank will defer payment in the energy sector until 40 percent PDB system loss is reduced to permissible limit.

### Parliament Passes, Discusses Financial Measures

#### Value Added Tax

91AS1329A Dhaka *THE BANGLADESH OBSERVER*  
in English 10 Jul 91 pp 1, 10

[Text] The Jatiya Sangsad Tuesday passed the Value Added Tax (VAT) Bill 1991 in an amended form amid walkout by the Opposition, reports BSS.

Before the House took up the bill for immediate consideration the Finance Minister, Mr. M Saifur Rahman, announced several exemption saying that there was no alternative to the VAT system in the interest of a self-reliant economy of the country.

The entire Opposition walked out in protest against the rejection of their demand for further discussions on the bill today (Wednesday).

Earlier, in the evening, the House decided "unanimously" to send all the seven constitution amendment bills of both the Treasury and the Opposition benches to a 15-member select committee headed by the Law and Justice Minister, Mirza Gholam Hafiz, for reporting back by July 14.

Before sending the Constitution Amendment Bills to the Select Committee, the House also witnessed a storm of protests against the alleged objectionable utterances on 'Bismillah' at a recent meeting of the Hindu-Bouddha-Christian Parishad in Dhaka.

Proposing the 15-member Select Committee and bringing in his two constitution amendment bills, Law Minister Mirza Gholam Hafiz told the House "we want consensus and understanding to war off bitterness".

He said cooperation of all sides was necessary for coordination of all these amendment bills.

Narrating the tireless work done by the Speaker, the Deputy Leader of Opposition and himself to evolve way to send those bills to Select Committee, Mirza Hafiz thanked the chair for exercising his residuary powers to allow bringing in the private members' bill on the day earmarked for the Treasury Bench. This was done through discussion in the greater interest of all. He also expressed his gratefulness to Mr. Abdus Samad Azad for his cooperation.

Later, the Deputy Leader of the Opposition, Mr. Abdus Samad Azad, and opposition Workers Party Member Rashed Khan Menon proposed that their respective bills be sent to the 15-member select committee, report back to the House by July 14. The House accepted their motions by voice vote.

Of the seven constitution amendment bills, two (eleventh and twelfth) were introduced by the Law Minister on July 2 while the thirteenth amendment bill (now without any number as proposed by Deputy Leader of the Opposition on Tuesday) was introduced on July 4 (private members day). They are aimed at reverting to parliamentary system. The remaining four constitution amendment bills were introduced by Rashed Khan Menon on July 4 relating to the participation of people through elected representatives in all administration levels, treaties with foreign countries and fundamental rights.

The fifteen members of the Select Committee are: Law Minister Mirza Gholam Hafiz (Chairman), Prof. Badrud-doza Chowdhury, Mr. Abdus Samad Azad, Maj Gen (Retd) Majidul Huq, Mr. Abdus Salam Talukdar, Sheikh Razzak Ali, Kh Delwar Hossain, Barrister Nazmul Huda, Barrister Rafiqul Islam, Mr. Mesbahuddin, Mr. Sudhansu Shekhar Haldar, Col (Retd) Shawkat Ali, Mr. Rashed Khan Menon, Barrister Moudud Ahmed and Sheikh Ansar Ali.

After six hours of deliberations, the Speaker adjourned the House at 10 p.m. till 4 p.m. today.

### Devaluation Discussed

91AS1329B Dhaka THE BANGLADESH OBSERVER  
in English 10 Jul 91 pp 1, 10

[Text] Finance Minister Mohammad Saifur Rahman told the Jatiya Sangsad Tuesday that the last time Bangladesh currency was devalued was on July 2, reports BSS.

He was replying to a question from Prof. Rafiqul Islam (AL [Awami League]-Jessore).

Raising a supplementary Prof. Islam wanted to know from the Finance Minister as to why the present Government devalued the currency within so short a time of its coming to power and when the Jatiya Sangsad was in session. He also wanted to know from the Minister whether this devaluation was the outcome of any extraneous pressure. Mr. Saifur Rahman told the House that BNP [Bangladesh Nationalist Party] Government was a nationalist Government and it never submitted to any pressure.

He said Bangladesh currency was adjusted with dollars but not devalued.

Mr. Saifur Rahman said it was an accepted norm that currency was adjusted for maintaining rationality, international trade and interaction of different currencies.

Besides, adjustment was also necessitated in the interest of import, export and investment, he added.

Citing an example, the Finance Minister said our neighbour, India had adjusted its currency twice in two days by 20 percent. He said each and every country adjusts its currency in its own interest.

Mr. Saifur Rahman said adjustment or devaluation of Indian currency had made adverse effects on our economy. Besides, he said, it was also done to attract the Bangladeshis living abroad to send their remittances directly.

He said for a long time dollar had been accepted as intermediary currency for Bangladesh. He said rise and fall of dollar value necessitates adjustment with our currency.

The Finance Minister said the rate of adjustment was made on the basis of various economic principles of the country.

### Trade Deficit Since 1971-72 Reviewed

91AS1327A Dhaka THE BANGLADESH OBSERVER  
in English 11 Jul 91 pp 1, 10

[Text] Shipping Minister M.K. Anwar told the Jatiya Sangsad on Wednesday that the country had suffered a total trade deficit of Taka 60,317.99 crore from 1972-73 to 1990-91 (February) fiscal years, reports BSS.

Replying to a question from Shah Mohamamd Rafiqul Bari Chowdhury (JP Jatiyo Party]-Serpur) the Shipping Minister said, the trade deficit of Bangladesh in 1972-73 session was Taka 488.30 crore while that of the 1989-90 fiscal was Taka 7,519.71 crore.

The Minister said, the trade deficit of the present fiscal up to February last was Taka 3,548.04.



Mr. Anwar told the Sangsad that the Government has taken a number of measures to narrow down the trade deficit of the country. Among others, he said, measures were being taken to cut down the import expenditure on unproductive heads and necessary incentives were being given to the exporters through proper policy to increase export volume to bridge down the gap between export and import.

The Commerce Minister gave the following year-wise break-up of the trade deficit of the country.

Year	Trade Deficit (in crore)
1972-73	488.30
1973-74	428.31
1974-75	714.39
1975-76	1428.08
1976-77	595.10
1977-78	1409.25
1978-79	1605.66
1979-80	2395.41
1980-81	2931.76
1981-82	3765.37
1982-83	3652.11

1983-84	3817.88
1984-85	4352.74
1985-86	4348.48
1986-87	4961.86
1987-88	5624.01
1988-89	6731.56
1989-90	7519.71
1990-81 (up to Feb)	3548.04

In reply to another question from Sarder Sakhawat Hos-sain Bakul (BNP [Bangladesh Nationalist Party]-Narsingdi) Mr. M.K. Anwar told the House that the income and expenditure from imports and exports during 1989-90 fiscal were Taka 12,412.72 crore and Taka 4,893.01 crore respectively.

The country has earned Taka 128.30 crore by exporting tea during 1989-90 fiscal while the country's earning in tea export between July and May of 1990-91 fiscal was Taka 150.08 crore, he informed the Sangsad.

Replying to another question from Mr. Mosarraf Hossain (AL [Awami League]-Netrokona) the Minister told the Sangsad that the target of tea export for 1991-92 season in 1991-93 tea policy was Taka 181 crore.

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